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WEDNESDAY, JANUARY 23, 2008
1:34 P.M.

1 SENATE RULES COMMITTEE

2 STATE OF CALIFORNIA

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6 HEARING

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10 STATE CAPITOL

11 ROOM 113

12 SACRAMENTO, CALIFORNIA

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15 WEDNESDAY, JANUARY 23, 2008

16 1:34 P.M.

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24 Reported by:

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26 Evelyn J. Mizak
27 Shorthand Reporter
28

APPEARANCESMEMBERS PRESENT

SENATOR DON PERATA, Chair

SENATOR ROY ASHBURN, Vice Chair

SENATOR GIL CEDILLO

SENATOR ROBERT DUTTON

SENATOR ALEX PADILLA

STAFF PRESENT

GREG SCHMIDT, Executive Officer

PAT WEBB, Committee Secretary

NETTIE SABELHAUS, Appointments Consultant

BILL BAILEY, Consultant to SENATOR ASHBURN

DAN SAVAGE, Consultant to SENATOR CEDILLO

CHRIS BURNS, Consultant to SENATOR DUTTON

BILL MABIE, Consultant to SENATOR PADILLA

ALSO PRESENT

LINDA A. CAPUANO, Ph.D., Member
Independent System Operator Governing Board

TIMOTHY B. GAGE, Member
Independent System Operator Governing Board

THOMAS A. PAGE, Ph.D., Member
Independent System Operator Governing Board

JUDITH G. CASE, Member
Air Resources Board

SENATOR DEAN FLOREZ

BILL DOHRING
Advocation

1 KAREN KEENE
2 CSAC

3 KIRK HUNTER, Chief Executive Officer
4 Southwest Transportation Agency

5 SEYED SADREDIN, Executive Director
6 San Joaquin Valley Air Pollution Control District

7 LELAND BERGSTROM, Mayor
8 City of Kingsburg

9 DAVID T. CARDENAS, Council Member
10 City of Fowler

11 MARSHA A. LOVELACE, RN, BSN
12 Former Classmate of MS. CASE

13 GEORGE MICHAEL SAUL, M.D.
14 St. Agnes Medical Center

15 KEVIN HALL, Air Quality Chair
16 Sierra Club, Tehipite Chapter

17 JENNY SAKLAR
18 Fresno Metro Ministry

19 JANE WILLIAMS, Executive Director
20 California Communities Against Toxics

21 CAROLINA SIMUNOVIC, Environmental Health Director
22 Fresno Metro Ministry

23 MELISSA KELLY-ORTEGA
24 CARB Task Force Member

25 MARTHA GUZMAN
26 California Rural Legal Assistance Foundation

27 LIZA BOLANOF
28 Central Valley Air Quality Steering Committee

TIM CARMICHAEL
Coalition for Clean Air

AURELIA ROJAS
Resident, Visalia

1 BONNIE HOLMES-GEN
American Lung Association of California

2 TINA ANDOLINA
3 Planning & Conservation League

4 DANIELA SIMUNOVIC
5 Center on Race, Poverty & Environment

6 V. JOHN WHITE
Clean Power Campaign

7 RAMON, Associate President
8 National MAPA, State MAPA, MAPA of Cesar Chavez

9 MARY-MICHAL RAWLING
10 Merced/Mariposa County Asthma Coalition

11 NIDIA BAUTISTA
Coalition for Clean Air

12 SOCORRO GAETA
13 Latinos United for Clean Air

14 BRENT NEWELL
15 Center on Race, Poverty & the Environment

16 CHARLIE EATON
17 SEIU State Council

18 MARK OSBORNE
Merced County Youth Chess Club Program

19 AINE GOMEZ
20 Resident

21 VICENTE SEGORIA
22 Resident

23 JERRY A. HILL, Member
24 Air Resources Board

25 SENATOR LELAND YEE

26 BILL MAGAVERN
27 Sierra Club California

28

FRANK TENG

Silicon Valley Leadership Group

DANIEL SPERLING, Ph.D., Member

Air Resources Board

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16 MORAN, Member, California Veterans Board

P-R-O-C-E-E-D-I-N-G-S

--ooOoo--

CHAIRMAN PERATA: If the members of the ISO would like to find their way up to the front, we'll be poised and ready. We have a quorum.

And the first three appointees appearing here today for recommendation of confirmation I'm glad are here because I didn't know what the ISO was until I started reading about it. And I don't know much more now, but I want to thank you for doing whatever it is that you do there.

The Legislative Analyst had pointed out that you're not a state agency but a nonprofit. Actually, the state's a nonprofit, too, really nonprofit. And the budget isn't subject to any state review. It was created under state law, so it's required for confirmation, but it's really the federal government that has most of the authority.

I've never quite seen anything like that before. I thought special districts were bizarre. This has the uniqueness about it.

So, I'm just glad we have an opportunity to talk. I'm under no illusion that we have anything -- well, I don't have anything -- constructive to contribute, but I thought we could have a little discussion.

I am a little bit concerned about we have lots of agencies, the CPUC, the CAISO, the Energy Commission, and then FERC, which Steve Peace told me is an enemy. So, I've learned that much. He called again today to remind me.

[Laughter.]

1 CHAIRMAN PERATA: I'll pass it along.

2 So, we've been spending a lot of time confirming
3 people in these areas and discussing renewable energy.

4 Is there any connection between ISO transmission
5 and the need, the desire, to do renewables?

6 Oh, do you want to say something?

7 [Laughter.]

8 MS. CAPUANO: You can jump right in.

9 CHAIRMAN PERATA: Let me just advise you, you can
10 only screw it up. So, go ahead.

11 [Laughter.]

12 MR. PAGE: Go ahead, Linda.

13 CHAIRMAN PERATA: Ms. Capuano.

14 MS. CAPUANO: Good afternoon, Chairman and
15 Members of the Rules Committee. I'm Linda Capuano, and I'm
16 pleased to be before you for consideration of my appointment to
17 the Board of Governors of the California Independent System
18 Operator.

19 I'd like to briefly explain my qualifications and
20 commitment to the position.

21 First, my academic and industrial experience
22 allows me to engage substantively in technical and
23 organizational leadership issues. This includes a bachelor's in
24 chemistry, a master's in chemistry and chemical engineering, and
25 materials science -- a Ph.D. in materials science out of
26 Stanford University. I have 30 years of industrial experience,
27 beginning with IBM in 1977, followed by executive positions in
28 Honeywell, Allied Signal, and Solecron Flextronics. And I also

1 have experience with the challenges of starting up an
2 organization with a Silicon Valley start-up, Conductus, in
3 electronics.

4 Second, I understand the challenge in trying to
5 improve reliability at a reasonable cost. As an executive in
6 the computer, communications, semiconductor, aerospace and
7 materials manufacturing services industries, I have worked to
8 conserve energy in our operations, and to develop
9 environmentally friendly and energy efficient products that are
10 price competitive.

11 Third, I'm from outside the energy industry.
12 During this process, I believe that my broad support was because
13 I was from outside the electric power industry.

14 And last, I bring a personal commitment to serve.
15 I have served on numerous committees in state and federal
16 advisory positions, such as the Department of Energy's Task
17 Force on the Alternate Futures of the National Laboratories.
18 I've also sponsored environmental engagements by corporations,
19 such as Honeywell's sponsorship of the alternate energy issues
20 by serving as a co-sponsor for the 2002 Department of Energy
21 Solar Decathlon.

22 In conclusion, I'm committed to bringing ISO in
23 alignment with the stakeholder priorities. As a board member,
24 I've been engaged in developing the five-year strategic plan,
25 which is -- which objective is to execute on the state and
26 stakeholder priorities. And I believe CAISO is uniquely
27 positioned for that with the competencies and the organizational
28 structure that they have.

1 And I thank you for this opportunity.

2 CHAIRMAN PERATA: I'm glad we gave it to you.

3 Thank you.

4 Tim.

5 Remember, we know you.

6 MR. GAGE: Mr. Chairman and Members, I also
7 appreciate the opportunity. And because many of you do know me,
8 I won't speak to my past and my qualifications.

9 I've been serving on the ISO board for five
10 years, and it's really been a period of significant change and
11 very positive in many respects. What I'd like to do is just
12 point out a couple of things that the ISO is involved in lately,
13 one of which speaks to your question.

14 The ISO has taken the lead nationally in moving
15 forward with the effort to integrate renewable resources into
16 the electricity grid, working with sister state agencies -- the
17 Energy Commission, the PUC, and other entities -- to make sure
18 we figure out how to do that smartly and effectively.

19 One such effort that we recently completed was
20 the development of a new approach to transmission financing.
21 The situation that we faced is that relatively small, isolated,
22 remote isolated transmission -- or generation and resources,
23 many of which are renewable, in order to get attached to the
24 transmission grid faced, in effect, an insurmountable financial
25 impediment, basically a barrier to entry, if you will.

26 And so, what the ISO did was to approach FERC and
27 others with, let's figure out a different way of financing these
28 kinds of improvements so that we're not creating that barrier to

1 entry, particularly for renewable resources.

2 We developed the idea, put it through an
3 extensive process of review by many of the stakeholders, many of
4 the participants in the process, including the various state
5 agencies, and took it back to FERC. They have now approved it.
6 It's the first time in the country that this has been done, and
7 I'm quite proud of that, as I think all of you should be. I'm
8 quite proud especially because of the creativity and the effort
9 that the ISO management and staff put into the process.

10 In conclusion, as the operator of the grid in
11 real time markets, the ISO, I think, is well positioned to
12 facilitate market and transmission improvements in the state
13 because it -- essentially the ISO are the folks on the ground.
14 And they can help inform the process, subject to direction by
15 the state primarily through the Legislature and the
16 administration, subject to regulatory guidance by FERC. We can
17 be the folks who help to figure out how to actually make things
18 work.

19 Thank you for the opportunity to appear before
20 you today.

21 CHAIRMAN PERATA: Thank you.

22 Welcome.

23 MR. PAGE: Thank you very much. Good afternoon,
24 Mr. Chairman and Senators, Members of the Committee.

25 My name is Thomas A. Page, and I'm from San
26 Diego, California. And I'd like to make two points. One of
27 them is personal, and one of them is related to the ISO.

28 During my business career, I've been employed

1 both as a civil engineer and as a certified public accountant.
2 And from these set of experiences, I would like to draw your
3 attention in particular to the experience I've had in the area
4 of the corporate governance.

5 Having participated in over a dozen industrial
6 and utility or public service boards, I have a participant's
7 understanding of the role of a director. And that applies
8 directly to the role of a Governor on the Board of the ISO.

9 In addition, I've had what I would call a lively
10 experience as an elected official, having served ten years as an
11 avocation: six years as a school board member of the Grossmont
12 High School District in San Diego, which is eleven high schools,
13 24,000 matriculating teenagers; and four years on the County
14 Board of Supervisors in Dane County, Wisconsin, which is
15 Madison. And I represented an urban district at a very
16 difficult time during the Vietnam war, and Madison was an
17 extremely aggravated place.

18 And I would say that I've benefitted greatly from
19 the perspective that I got as an elected official as it relates
20 to the issue of governance.

21 And lastly, as an ongoing educational activity,
22 I've been very active in the Corporate Directors Forum and the
23 National Association of Corporate Directors on both sides of the
24 dais, where we explore the basics of governance. And they apply
25 really across the board to private, to public enterprises, and
26 to governmental entities.

27 I believe that this background can be
28 constructive to the success of the ISO and the effective

1 functioning of the Board of Governors of the ISO.

2 The second point that I'd like to make really
3 relates to my several months that I have now been on the board
4 of the ISO, having been appointed last February. And this
5 experience has caused me to recall several realities about the
6 electric business.

7 One is that electricity is a very complicated
8 business, and it is frankly counter-intuitive, I guess much the
9 way golf is counter-intuitive. You think that if you swing
10 harder, it goes further, but that's generally not the case.

11 And two, because electricity touches every
12 household, every business, and every governmental entity, it
13 attracts a great deal of interest. Now, some people might find
14 this to be troublesome, but frankly I don't. I find this to be
15 a particularly great opportunity.

16 And the ISO is positioned now to play an
17 increasingly important role in California's energy future as
18 truly a catalyst, a catalyst for energy solutions. There's no
19 question in my mind that the ISO is maturing in its management
20 and in its operational capabilities. You know, I witnessed that
21 this past summer with the fires in San Diego.

22 At one point, the fires were burning down the
23 hillside directly across the valley from my house and burning.
24 I could watch them burn down through four 230,000 volt circuits
25 that loop around the edge of San Diego. And this is after it
26 had taken out the 500 kv line to Arizona.

27 The skill with which the ISO team handled that
28 situation as it continued to deteriorate in San Diego was really

1 one of technical excellence, of which they can be proud. And in
2 fact, the ISO was recognized this week for its really
3 award-winning technology in that they used global positioning
4 maps to really -- from Folsom to track the fires in San Diego so
5 that they could manipulate the remaining transmission system to
6 hold the system together. This in concert with the San Diego
7 folks.

8 California energy diversity initiatives are
9 certainly challenging, and the solutions are going to require a
10 broad spectrum of creativity. And I think that this creativity
11 is present in a number of the state agencies, and that the ISO
12 in fact, through being a catalyst, can be constructive in moving
13 these initiatives forward, recognizing the direction of the
14 State Legislature, to which we are very much aware and very
15 compliant.

16 The ISO, through its very open meeting format,
17 and its stakeholder format, and its stakeholder outreach and
18 participation, and its role as the neutral connector -- not
19 neutral in electrical terms, but neutral in operational terms --
20 between the generators and the end user again positions the ISO
21 as a forum for helping achieve these goals in concert with all
22 of the other appropriate agencies.

23 I think it's a great opportunity, and I would
24 like to be a part of that opportunity going forward.

25 Thank you very much.

26 CHAIRMAN PERATA: Thank you.

27 Any questions.

28 SENATOR ASHBURN: No questions.

1 SENATOR DUTTON: No.

2 SENATOR PADILLA: Just a couple questions.

3 First of all, I appreciate the opportunity I had
4 to meet with the three of you earlier in my office.

5 Now in public setting and on the public record, I
6 want to revisit a couple of topics that were raised.

7 In the introductory statements, reference was
8 made to the market redesign and technology update. I want to
9 expand on that a little bit, and specifically my concern is
10 this. My Senate district is 99.9 percent the City of Los
11 Angeles, which is not served by an investor-owned utility but a
12 municipal utility, where I imagine, just as the ISO but probably
13 more so because of its nature, concern is not just on the
14 dependability of energy, the reliability part of it, but also
15 the cost, and trying to keep costs to a minimum for its
16 ratepayers.

17 To what extent does that concern, in addition to
18 reliability, in addition to environmental impact, how much do
19 you take that concern into the update?

20 MR. GAGE: I'd be happy to respond initially,
21 then my colleagues could chime in if they'd like.

22 From my perspective, the MRTU effort is
23 fundamentally about not only improving reliability, but
24 ultimately reducing costs, and in two particular respects.

25 One is by developing a day-ahead market. The
26 energy that's going to be used on the subsequent day can be, in
27 effect, mapped through the system so that we make sure that it
28 all kind of works from a technical perspective, particularly in

1 terms of the question of congestion.

2 And so, one of the benefits of MRTU is going to
3 be able to -- is going to be to reduce those congestion costs.
4 We've all ready made some strides in that direction, but with
5 the day-ahead market, we'll be able to improve on that effort as
6 well.

7 Secondly, MRTU is designed to basically identify
8 opportunities for the state, state in a very broad sense, where
9 we need to make -- where we can best target most effectively and
10 most efficiently target investments, both in terms of generation
11 and in terms of transmission. So long term, I think that will
12 help us drive down those costs as a result.

13 Now, certainly we're all aware that some of the
14 municipal utilities have concerns about the cost impact of
15 MRTU. You know, I can't speak to each and every one of those
16 specific concerns, but as we've worked through the process,
17 we've been very mindful of those issues and those concerns, and
18 mindful of the opportunity that we have to make sure that we
19 work more effectively than has historically been the case
20 between the -- in some cases the IOUs, or in the prior history
21 of the ISO, working with municipal utilities.

22 I think we have an opportunity to improve on
23 those relationships going forward. Certainly from my
24 perspective, and I think I can speak for my colleagues on the
25 board, I think we're all interested in figuring out how we can
26 work more cooperatively with the munis so that we make sure that
27 we're not creating a circumstance where they're concerned,
28 either simply by virtue of perception or by actual fact, about

1 the impacts of MRTU.

2 MS. CAPUANO: I really don't have anything to
3 add, other than to just emphasize a point that shortening the
4 time to day-ahead and improving the openness just naturally
5 improves the competitive pricing, so naturally we'll reduce the
6 cost.

7 SENATOR PADILLA: As a follow-up the, I think of
8 two comments or questions.

9 One is, how that comes before you, is it actually
10 quantified in a short-term maybe initial incremental cost versus
11 longer term savings? That's what I'm hearing from you. How
12 transparent is that as you deliberate, as you take action?

13 And the second part is, how is that communicated
14 then to use end municipal utilities?

15 MR. GAGE: You know, I don't think I would
16 characterize it as a short-term initial cost contrasted with
17 long-term savings, because our hope is that at least from the
18 outset there will be initial savings.

19 Now, is that an absolute guarantee? No.
20 Obviously it's a complicated issue. As Tom mentioned, the
21 electricity is complicated, and so we don't know for certain
22 exactly how that cost picture will evolve as we initiate the
23 effort, but there's no expectation that there will be
24 significant additional costs in terms of a spike of electricity
25 prices, for instance.

26 As to the second part of your question in terms
27 of how that's communicated, we have really a very open process
28 as we deliberate through these issues. We're subject to, as a

1 result of legislation enacted by Senator Bowen a number of years
2 ago -- we're subject to open meeting requirements, and
3 disclosure requirements as it relates to all of these
4 deliberations.

5 So, from my perspective, it's very transparent.
6 We have a board process that invites discussion and dialogue
7 with all of the various interested parties, and certainly it's
8 the case that representatives of the munis appear frequently
9 before us to express their issues and concerns.

10 MS. CAPUANO: We also have an internal market
11 assessment group and an external independent market assessment
12 group that'll be analyzing these results, and they present their
13 analysis to us regularly at the board meetings, so we'll be able
14 to track how this is going.

15 SENATOR PADILLA: One of the other concerns that
16 emanates from the district that I represent is air quality. We
17 talked about the dependability; we talked about cost.

18 From an environmental standpoint, an air quality
19 standpoint specifically, I understand there's up to 17 potential
20 new fossil fuel plants in the LA Basin, at least that's sort of
21 what's on the books for coming through for consideration.

22 That raises a big red flag for me, given that the
23 South Coast Air Quality Management District, along with the air
24 district in the Central Valley, those two represent the bulk of
25 the residents who live in an area where the air doesn't comply
26 with federal standards.

27 What tools are you utilizing to recognize the
28 ISO's initial and core function and responsibility with

1 obviously environmental policies and goals that the state now
2 has laws and policies for, vis-a-vis air quality improvement,
3 vis-a-vis greenhouse gas reductions, et cetera?

4 MR. PAGE: I'll take a try at that.

5 The ISO is very sensitive and aware of the state
6 directives and moving toward achieving the target of 20 percent
7 in the year 2020 of renewables. And it's not just something
8 that's going to happen down the road. It happens right now, in
9 that the -- essentially the benign generation is essentially
10 dispatched first. Wind is dispatched first. The geothermal
11 contracts will be dispatched first.

12 Then as you go down into the MRTU, where you're
13 going to get a very price-sensitive type of dispatching, what
14 you're going to see is that the newest most efficient type of
15 generating equipment is going to be dispatched next.

16 SENATOR PADILLA: Is that process that you're
17 describing what other people would call environmental dispatch,
18 where instead of a first-come-first-serve basis --

19 MR. PAGE: It is and it isn't. It turns out to
20 be the dispatch of environment, but it is based upon the lower
21 cost of new technology. The two of them tend to be synonymous.

22 The wind, and some of the other renewables, hydro
23 is dispatched as hydro is available, but the wind energy and
24 solar, they will run. If they are available, they will run.
25 And they are first in the queue.

26 MS. CAPUANO: In answer to the second part of
27 your question, which is in terms of emission controls, I mean,
28 we will comply, CAISO will comply with any regulatory

1 requirements. Anyone that we work with, we would have that same
2 expectation as much as we would have any ability to control
3 that, which we don't always, but compliance to state regulations
4 is expected.

5 MR. GAGE: Let me just make that even more
6 explicit in this respect, and that is that all the resources
7 that are dispatched or used in effect by the ISO to run the grid
8 are subject to, for instance, air quality requirements. So, in
9 order to be dispatched, they have meet those requirements
10 themselves.

11 SENATOR PADILLA: Another area, some of these
12 questions I think it's timely that we're having these
13 conversations. When the ISO was established, it was just a few
14 years ago, but it's been a few years under a much different
15 context. The energy crisis gave birth to a new way of providing
16 energy to the residents of California. And I think a lot of how
17 and why ISO was structured was based on short-term crisis,
18 urgent needs.

19 Now that we seem to have come out of that, not
20 ever completely into the clear, but under a much different
21 operating function today, I think it begs the question, whether
22 it's governance, whether it's accountability, whether it's core
23 mission and operations for a longer term, how do you recognize
24 the changing dynamics in electricity being provided to folks?

25 You at times are an operator of energy markets,
26 who polices those markets? If that's also you, how do you
27 reconcile being both the operator and the police, and coming
28 back to the question of accountability we discussed earlier?

1 MR. GAGE: There are it seems really two parts to
2 your question in some sense. One is, how or what ways is the
3 ISO forward looking and not simply focused on the operation of
4 today's grid and dealing with crisis?

5 And the ISO has developed a very robust strategic
6 planning effort. You know, strategic plans can be dead weights
7 that people use as a door stop, or they can be living activities
8 that are engaged in, in order to figure out what's our vision of
9 where we want to try and go. And the ISO has, I think, done a
10 great job of mapping out those kinds of issues, set in the
11 context of what are the state policy goals that we see when we
12 look out and talk with our colleagues and sister state agencies,
13 when we look at the direction from the Legislature, and so
14 forth.

15 And I think that from my perspective, the
16 strategic plan is very responsive to those efforts and provides
17 us with the opportunity to figure out, you know, given that goal
18 that's out several years, how do we figure out the best way to
19 get there? How do we make that work most effectively?

20 The second part of your question was a little
21 more specific, in that it kind of raises the issue of how --

22 MS. CAPUANO: Monitoring it. I mean, we have a
23 very open -- the strategic plan sets the goals, and with it are
24 the metrics to measure. We have a very open stakeholder
25 process. Our meetings are open. Things are published on the
26 web site. And so, progress against those -- those goals and the
27 metrics, and how they're measured, are public.

28 So, there is this monitoring in real time that's

1 ongoing, so we'd be called to task at any point in time if we're
2 deviating.

3 SENATOR PADILLA: Right. So the metrics is the
4 delivery of energy to where it needs to go.

5 Do the metrics include cost efficiencies,
6 integrity of the system?

7 MS. CAPUANO: Certainly they have all those
8 characteristics, yeah.

9 SENATOR PADILLA: Are price points or spikes part
10 of those metrics?

11 MS. CAPUANO: We monitor. We monitor the prices.
12 We monitor the -- I'd have to get back to you on the specifics.
13 We've got quite a few metrics.

14 MR. PAGE: Which pricing are you speaking of?

15 SENATOR PADILLA: How are we impacting people's
16 energy bills, is the bottom line? Is that something you're
17 measuring or included as part of your metrics?

18 MR. PAGE: If you believe in a robust market, I
19 would say that it is -- would be positively affecting at the
20 individual's utility bill.

21 I wanted to double-back to your first question
22 regarding short-term versus long-term, because when this
23 construct was put together originally, I happened to have been a
24 participant in what was going on.

25 And the protocol that was developed was
26 intentionally compliant with some economic theory that was very
27 short-term in nature. And that essentially was that if you bid
28 everything everyday, that it would be a very active market, and

1 it would lead to declining prices. It was a very good economic
2 theory, but in practice it had its failings.

3 What has -- what you see developing now was
4 another proposed theory what was active at that time, and that
5 was a very -- a protocol that called upon very extensive
6 bilateral contracts, contracts between energy distributors and
7 generators, and a transmission protocol through the ISO. And
8 that is the direction that the ISO is moving today: very
9 heavily contract, very heavily long-term, very heavily going
10 forward.

11 The MRTU that is under development is going to be
12 constructive to your pricing question, because the original
13 construct on the development of the market it was essentially
14 hundreds or thousands of transaction points. Technology really
15 did not allow that up until this time, and this is on the
16 generation side. The MRTU will now provide hundreds of pricing
17 points that will identify transmission congestion and
18 opportunities for distributed generation. This should lead to a
19 reduction in costs.

20 And from the ISO's point of view, we're extremely
21 interested in that through our own budgetary process in the
22 small impact that the ISO has.

23 SENATOR PADILLA: That's the reason for the
24 question. You talk about being the bridge between those who
25 generate electricity and those who distribute it to residential
26 and business customers. First and foremost, we've got to get
27 energy from where we can generate it to where it's needed.

28 In the midst of the energy crisis, the state was

1 significantly subsidizing that because of the prices involved.
2 And while we may not be in crisis mode today, the state is not
3 exactly in the position to be subsidizing should we enter a
4 crisis mode yet again.

5 So, if you're in bridge between the generators
6 and the distributors, where is voice of the consumer?
7 Ultimately, energy bills are being delivered to residences and
8 businesses throughout the state, and there's a big policy
9 concern.

10 So, I just want to make sure that it's interwoven
11 into your deliberations and your decision making here.

12 MR. GAGE: Senator, if I could just add one
13 additional point about your issue related to in what way -- or
14 is it possible for the ISO to wear two hats in terms of
15 monitoring the markets and pricing?

16 There are two ways in which the board's efforts
17 in that respect are aided. One is, there's a separate
18 independent unit at the ISO, the Division of Market Monitoring,
19 which has responsibility for, as it says, monitoring the conduct
20 of the markets. That group reports directly to the board as it
21 relates to that issue.

22 In addition, there is a Market Surveillance
23 Committee. It consists of three economists who take a longer
24 view with respect to the way in which the markets ought to
25 operate. And again, they report directly to the board for the
26 purpose of commenting on the conduct of the market and design
27 issues.

28 SENATOR PADILLA: Thank you, Mr. Chair.

1 CHAIRMAN PERATA: It's always nice when a bunch
2 of engineers get together and chat.

3 [Laughter.]

4 CHAIRMAN PERATA: We were commenting that maybe
5 that's why the dereg bill passed. People said, "Anything. Just
6 stop it."

7 [Laughter.]

8 CHAIRMAN PERATA: So, anyone here have their
9 family here that you'd like to introduce? You knew better.

10 [Laughter.]

11 CHAIRMAN PERATA: Anybody in here who wants to
12 speak -- you don't have to -- in opposition or support?
13 Support? Opposition?

14 Seeing none.

15 SENATOR ASHBURN: I'd like to move for all three.

16 CHAIRMAN PERATA: I have a motion to approve all
17 three.

18 Call the roll.

19 SECRETARY WEBB: Dutton.

20 SENATOR DUTTON: Aye.

21 SECRETARY WEBB: Dutton Aye. Padilla.

22 SENATOR PADILLA: Aye.

23 SECRETARY WEBB: Padilla Aye. Ashburn.

24 SENATOR ASHBURN: Aye.

25 SECRETARY WEBB: Ashburn Aye. Perata.

26 CHAIRMAN PERATA: Aye.

27 SECRETARY WEBB: Perata Aye. Four to zero.

28 CHAIRMAN PERATA: Congratulations.

1 MR. GAGE: Thank you very much.

2 CHAIRMAN PERATA: We'll keep the roll open.
3 Mr. Cedillo's upstairs.

4 MR. PAGE: Thank you.

5 [Thereafter, SENATOR CEDILLO
6 voted Aye, making the final
7 vote 5-0 for confirmation.]

8 CHAIRMAN PERATA: We now have the Air Resources
9 Board. We'll go alphabetically, so Judith Case, welcome.

10 MS. CASE: Thank you.

11 CHAIRMAN PERATA: I'm not going to forget to let
12 you give an opening statement.

13 MS. CASE: Thank you. And if I might just take
14 a moment, I would like to introduce my husband.

15 CHAIRMAN PERATA: Sure.

16 MS. CASE: He did travel up from the Valley. He
17 was the driver of the van pool. Fred's in the front row right
18 here.

19 CHAIRMAN PERATA: What a nice looking chauffeur.
20 Welcome.

21 MS. CASE: Pretty good. I arrived a couple of
22 days ago. He brought our other friends up today.

23 CHAIRMAN PERATA: Oh, you got to see the
24 Sacramento night life.

25 [Laughter.]

26 MS. CASE: Right.

27 Thank you, Mr. Chairman and Members of the
28 Committee.

1 I want to describe my background, to tell you
2 what motivated me to apply for the San Joaquin Valley seat on
3 the Air Resources Board, and to outline my goals for serving on
4 this very important board.

5 First, I was born and raised in the Valley, and
6 now I live in my family's home. I have the unique view of
7 looking out the same window that I did when I was twelve years
8 old and wasn't able to see the mountains, but I wished that I
9 could. And I can now see that view a little bit more often, but
10 not nearly as many days as I would like to and that I believe I
11 should.

12 I went to college, a nursing school, obtaining a
13 Bachelor's Degree of Science in nursing. I attended graduate
14 school and obtained a Master's Degree in business.

15 I have worked as a staff nurse for seven years.
16 I worked as a clinical director in a hospital for seven years,
17 and I do still keep active in the health care environment by
18 working on weekends as an administrative director in a large
19 acute care facility. I'm otherwise known as the house
20 supervisor.

21 When I moved back to my home town, I was asked to
22 run for city council, and I did. Eventually I became the mayor.
23 I ran for county supervisor, and as a county supervisor I took a
24 seat on the San Joaquin Valley Air Pollution Control District
25 Governing Board. I have served on that board for seven out of
26 the last nine years.

27 The San Joaquin Valley faces many challenges with
28 air quality which are complicated by our geography, our climate,

1 and our rapidly growing population. As a region we have other
2 challenges, including some of the highest unemployment levels in
3 the state and also in the nation. A big part of improving our
4 economic position is having clean air. They are intertwined. We
5 want jobs for our citizens, but businesses do not want to locate
6 into a polluted area. So, not only is cleaning up our air
7 absolutely critical to our health, and that should always be
8 kept in the forefront, but it is also critical to our long-term
9 economic health.

10 Stationary sources have been highly regulated and
11 continue to have even tighter controls. We have had tremendous
12 successes with our Carl Moyer program, with a track record of
13 leveraging this money for the greatest benefit. The Valley met
14 PM 10 attainment in 2006, after three years without violation.
15 Ozone and PM 2.5 continue to be very challenging, but we must
16 meet these challenges head on so our residents have clean air.

17 And I think as time goes by, you will find that
18 PM 2.5 is going to be the most significant in terms of
19 everyone's health. We have problems with ozone, and asthma for
20 both adults and children, but 2.5, I think you will find over
21 time, having tremendous cardiovascular impacts with already
22 heart attacks and strokes affecting everybody's lives. It just
23 further accentuates the need to have clean air.

24 Mobile sources are a large part of the solution
25 to get clean air in the Valley, and that is why I sought a
26 position on the Air Resources Board. And I have been on that
27 board since May, and we have all ready taken on a number of
28 critical issues.

1 There has been concern about the Valley ozone
2 SIP. I voted on the legally required plan that is federally
3 approvable. This plan is what is allowed and prescribed by the
4 Federal Clean Air Act. A change in designated attainment date
5 was part of that prescriptive document. It was a transaction.

6 Nobody was happy with that. I wasn't happy with
7 that. Nobody wants to say, "I can't get this project done in a
8 timely manner. I can't move forward." But by federal law,
9 there are very prescriptive rules, and this was a transaction
10 that had to go forward to meet deadlines. And I did not take
11 that sitting back.

12 So, this is what I have done since that time. I
13 have co-chaired an Air Resources Board Task Force to move up the
14 attainment date to the earliest identifiable date. I think this
15 is just so very important. Through this process, we have
16 strengthened the state's strategy in ways to help the Valley's
17 attainment.

18 The local district also came up with a new
19 proposal to accelerate attainment, looking for every possible
20 way that we can get to the clean air standard for our residents.

21 While submittal of the state's SIP, including the
22 local plan, was a legal requirement of the Clean Air Act, I
23 really believe there must be an ongoing effort to enhance that
24 plan until all regions have obtained clean air. The current
25 plan gets 90 percent of Valley residents to clean air by 2017.
26 We have to figure a way to get the remaining 10 percent to the
27 same place as soon as possible.

28 Clean air must be achieved in the Central

1 Valley. We cannot afford not to achieve success in this area,
2 either for our residents' health or for the health of our
3 economy.

4 My goal for serving on the ARB includes working
5 in a close, coordinated effort with local air districts, the San
6 Joaquin Valley and others, to attain clean air at the earliest
7 possible date. These efforts will be through regulations,
8 creative incentives to encourage early reductions, innovative
9 technology with continuous monitoring, and the necessary
10 enforcement to make sure that the regulations are producing the
11 intended results.

12 The ARB also has tremendous responsibility in the
13 implementation of programs to reduce greenhouse gases. We have
14 started the process with identifying early action measures,
15 determined mandatory reporters, and identified the targeted 1990
16 level. The scoping of this important work has begun.

17 I appreciate the opportunity to be before you to
18 answer any questions you may have, so I will conclude my remarks
19 there.

20 CHAIRMAN PERATA: Thank you.

21 I want to make a couple of comments just
22 generally to all three members.

23 We've passed this a year ago, the Proposition 1B
24 bonds. That was probably the biggest single commitment to state
25 investment in clean air that's ever been made. A lot of it is
26 centered on tractor trailers.

27 There's been some discussion at CARB about
28 retrofitting off-road equipment, which would affect not only

1 construction but, I'm assuming, farms and school buses. And the
2 school buses have been going through the Moyer fund.

3 I've been pained to watch how pitifully slow the
4 process has been putting money out. South Coast District, none
5 of which is represented here, has been playing. It's like
6 they're playing soccer with the money. They're kicking it
7 around, but it's never getting to the goal.

8 Generally speaking, the bureaucracies of these
9 agencies tend to inhibit, not facilitate, the expenditure of
10 money upon the direction of the Legislature to clean up the
11 air. And we have an incredible asthma condition in this state.
12 It's worse in the Valley, I suppose, but it's affected
13 everybody. It's certainly bad around ports.

14 I know you don't have a port in Fresno, even
15 though there's a Naval air station -- I never could figure that
16 out.

17 But what we need to do is to emphasize the
18 importance of expediting this money. It's really not that
19 complicated. You've got things that are polluting the air.
20 You've got money. You've got devices.

21 Now in L.A. they're spending time talking about,
22 should we buy new trucks, or should we give incentive. It's a
23 misnomer. You give somebody \$50,000 to buy a clean truck that
24 costs \$150,000. Now, most of these guys have to go out to a
25 loan shark to get the rest. They're not going to be able to
26 walk into Countrywide -- well, they couldn't walk into
27 Countrywide any more anyway.

28 So, what I'm looking for is the most efficient,

1 quickest, expeditious use of that money for a couple of reasons:
2 Health reasons and economic reasons. This is the jobs program
3 for California.

4 But since bureaucracies tend to get -- all due
5 respect. I've got a lot of friends in bureaucracies -- but the
6 one thing they all have in common is that they get paid on
7 Friday every week. So, the sense of urgency that some of us
8 feel is not felt by others.

9 It's like in this building. If you don't get out
10 of here every once in a while, you think this is reality. I
11 mean, we just don't have Bugs Bunny running around here;
12 otherwise it would be a theme park.

13 So, we've got to really rely on you. You live
14 and breathe in the real world. You represent people.

15 And hand-off boards are tough. I sat on the air
16 board when I was a county supervisor. And when you're one off,
17 and you don't do it full-time, the mice can play. Even the best
18 intentioned people don't do their jobs in some instances because
19 they think they're smarter than everybody else, or they'll want
20 to make sure, you know, no one ever loses their job by saying
21 no.

22 So, what I would urge you to do is to put the
23 wood pleasant way first.

24 MS. CASE: Hopefully not wood. We can find
25 another way to light a fire.

26 CHAIRMAN PERATA: No, that's okay. No, I don't
27 want you to burn them. Now see, you're getting ahead of me.

28 [Laughter.]

1 CHAIRMAN PERATA: First it's progressive
2 discipline. First you hit them with the wood, then you burn
3 them. I'm not being facetious. This is a serious issue.

4 I have not seen the kind of movement that I
5 expected. It's despairing to have a problem and have the voters
6 of this state, taxpayers, willing to invest, and then find out
7 that we can't deliver. It's an embarrassment, and it's a
8 scandal.

9 And I don't think anybody's getting fat off of
10 this. People just don't see that urgency.

11 And it's up to elected officials to do that here,
12 there, and everywhere. And if the system ultimately doesn't
13 work, that's on us. It's our fault. They didn't sign up to do
14 that, what we do. We're volunteers. We weren't drafted.

15 So, and that's where Mr. Hill and Mr. Sperling,
16 the same thing, because we can talk philosophically here. I
17 don't want to. I want to talk practically.

18 We've got some money. Get it out the damn door.
19 That's my speech.

20 So, Senator Florez, would you like to come up?
21 Speaking of elected officials.

22 SENATOR FLOREZ: Thank you, Senator Perata and
23 Members.

24 I do appreciate the opportunity to say a few
25 words to the Rules Committee. As you know, I don't speak that
26 often on the Floor. Senator Ashburn knows I don't speak that
27 often in committee, so I'm going to reserve a little time, if I
28 could be given that, to say a couple of things about what's at

1 stake here.

2 Senator Perata, you mentioned the urgency. And I
3 can tell you that for the people that breathe in the dirtiest
4 basin in the nation, it is of utmost importance. This
5 particular nominee, it is absolutely urgent that this Committee
6 take your job today, as you do on every nominee, seriously, but
7 to the people of the Valley, I can tell you that this is
8 absolutely the most important appointment that we consider in
9 terms of what you're going to be doing.

10 Just to give you an idea, I think you mentioned
11 it, Senator Perata, that three of the four dirtiest cities are
12 in the Central Valley. They're Fresno, Bakersfield, and
13 Visalia. That is three of the four dirtiest cities in the
14 nation.

15 You've mentioned the asthma rate. One in six
16 kids today don't just carry books and pencils in their backpack;
17 they also carry inhalers. That means we are about three times
18 over the national average in terms of asthma rates in this
19 particular region.

20 The reason I mention all of these, Members, is
21 because I think what we need on our local air board and on the
22 State Air Board isn't a balance of economic interests. We need
23 a champion. We need somebody with those types of statistics to
24 get on the board, to roll their sleeves up, and to recognize
25 that we're not balancing economic interests of industry against
26 kids' lungs.

27 I think at the end of the day, I'm opposed to
28 Ms. Case's nomination because of her votes, of her actions. I

1 can tell you that to extend the deadline eleven more years in
2 the Central Valley is not something I was proud of. I don't
3 think the Governor was proud of it when he chastized this board
4 for taking that particular action.

5 I can tell you I wasn't proud when we in many
6 cases saw Ms. Case oppose the Machado bill to expand the air
7 board, to have more medical experts on it, and more scientific
8 experts, to bring more independence to the board. And yet, this
9 nominee opposed those measures and still today, even as late as
10 yesterday in my office, didn't feel it was going to clean the
11 air one bit.

12 I hope you ask her questions about that, Members.
13 I think it was an important bill, so important the Governor
14 signed it. And we were looking forward to a more expansive
15 board, with more representative interests for those who are
16 champions of clean air.

17 I can also tell you, Members, that I've had
18 first-hand experience with this nominee many years ago. Not too
19 long ago we passed a very important bill that ended
20 agriculture's exemption to clean air laws. And I want to make
21 sure that the Members recognize, and Senator Perata, I know you
22 were here helping me with that bill, but agriculture had 100
23 percent exemption from all clean air laws. They were the only
24 industry in the nation and in California to have that exemption.

25 We lifted that exemption, and rightfully so. I
26 think that if you think about the success of that since those
27 actions, think about the air district's own web site that tells
28 us that we have pulled, if you will, 87 tons a day due to the

1 actions of the Senate and the signature of the Governor.

2 The nominee that sits next to me fought me every
3 single bit of the way. And I think, Members, if you think about
4 that, we have had success with it. It has worked, and I think
5 that if you think about putting someone on the air board, it
6 isn't just about words. It is really more than anything about
7 actions.

8 I can tell you, Members, if you could consider
9 that the Legislature has had to prod this board that Ms. Case
10 sat on every step of the way. We have had to push; we've had to
11 urge, and in many cases we've had to beg to implement
12 legislation that was passed by this Legislature: things like ag
13 burning; things like making sure that agricultural pumps are a
14 top priority.

15 If the board wanted to move on mobile sources,
16 Members, they should have moved. We have legislation pending
17 today that this board opposed that would have allowed for the
18 raising of Vehicle License Fees in the district to raise an
19 additional \$40 million to go at those mobile sources. This
20 board stood in opposition to that bill. This member stood in
21 opposition to that bill.

22 So, I think it's disingenuous to say that we've
23 done our work on agriculture, and now I embrace it. We're going
24 to move onto mobile sources when it comes.

25 The point is, we need proactive leadership, not
26 just on our local board but on the ARB. We need someone to
27 recognize the urgency, and to move well before this Legislature
28 moves.

1 And I understand the concerns of local
2 government. Why is the Legislature always meddling, if you
3 will, into the business of the air board?

4 Let me remind the Members that this air board was
5 created by the Legislature. This air board, at the end of the
6 day, should in essence be doing -- taking actions well before
7 this Legislature. And I hope you'll consider that.

8 Members, let me simply close by also saying that
9 not only is this nominee bad on the air quality side of the
10 equation. I think it's been mentioned that greenhouse gas is a
11 very, very important issue to this Governor, and a very
12 important issue to this body called the Legislature. The
13 implementation of AB 32 is on the agenda for 2008. There are
14 things that absolutely need to be taken care of well before May.
15 There's a scoping plan that needs to be taken up. There is
16 controls on agriculture that will be inclusive in that plan.

17 I'm not sure this nominee can separate the past
18 from the present. I'm not sure this nominee can step away from
19 the agricultural interests that have driven her, if you will, to
20 bad decisions on clean air, particularly in the SB 700 series
21 that passed this Legislature.

22 And I can tell you, Members, that at the end of
23 the day, those actions -- she was the only board member -- she
24 didn't vote like, if you will, Dr. Sawyer, who got fired by the
25 Governor for taking an action that said we ought to be stronger
26 on greenhouse gas. She voted in the opposite way. She voted,
27 if you will, to weaken the standard. She didn't vote the same
28 way Dr. Sawyer voted, so therefore she sits as today's

1 Governor's nominee.

2 I think if she would have taken the same vote as
3 Dr. Sawyer, she may not be here all on its own.

4 Let me close, Members, by simply saying that when
5 the Machado bill was moving through the process, when we were
6 trying to get Mrs. Case's support, the argument was: We don't
7 need, if you will, people on our board who are not elected. We
8 don't need members -- we don't need people on our board that
9 aren't accountable.

10 Well, be careful what you ask for sometimes.
11 Today we have an elected official who argued the very basis that
12 she should be evaluated, the people on the board should be
13 evaluated based on their votes, based on their discussions,
14 based on the transcript. And I can tell you that we've come
15 full circle today.

16 I hope the Rules Committee has an opportunity,
17 and I know you did, to go through the transcripts. I hope you
18 had the opportunity to go through the votes.

19 And today is that day. Today is an opportunity
20 to, in essence, forget the words, but look at the actions that
21 will lead to a cleaner California, and particularly in the
22 Central Valley.

23 I can tell you that, you know, there's a lot of
24 champions in this building for business. There's a lot of
25 champions for oil. There's a lot of champions for agriculture.
26 We don't need another champion on the air board, if you will,
27 for those interests. The Governor does a great job at that.

28 I can tell you, we do need a champion for the

1 people who aren't here, for the many people that traveled behind
2 me, the people who are the champions for people who carry
3 inhalers, the people who recognize there are people in our
4 district today, seniors, that travel from Bakersfield to the
5 coast not just to go to the beach, but to get a breath of fresh
6 air for the weekend because their doctors recommended that.

7 We're in a dire situation, Members, and I hope as
8 you evaluate this nominee, I hope you go through the record. I
9 hope you go through the transcripts.

10 And if there is an opportunity at some point in
11 time to be held accountable for those actions, I think today is
12 is that day.

13 I thank you very much for allowing me to say some
14 words.

15 CHAIRMAN PERATA: Thank you, Senator. It's
16 longer you've talked in six months.

17 SENATOR FLOREZ: Right, all at once.

18 CHAIRMAN PERATA: Senator Ashburn.

19 SENATOR ASHBURN: Senator Florez outlined a
20 number of specific concerns, so it seems to me the logical place
21 to begin is with accusations. And that is the way in which I
22 would characterize what was just said.

23 So, I'm going to help walk you through those, and
24 give you an opportunity to respond.

25 First with respect to the extension of the
26 deadlines in the adoption of the San Joaquin Valley attainment
27 plan, what were your actions? Did you in fact impede the timely
28 adoption of that plan?

1 MS. CASE: Well, the quick answer is, I did not
2 impede the timely enactment of that plan.

3 It was approved by the San Joaquin Valley first.
4 It went to the state.

5 And again, it's a prescribed document. It has to
6 have certain things within a framework that require the EPA to
7 either approve or not approve it. So, it is very much
8 prescribed what goes in that plan.

9 And in fact, after all the efforts that went
10 forward, it was believed this was the approvable plan that was
11 legally required that could be submitted.

12 It was submitted to the Air Resources Board in
13 June. At that time there was one dissenting vote in terms of
14 approval, and that individual felt that the San Joaquin Valley
15 hadn't done enough.

16 When the local board approved that plan, we
17 agreed we needed to look at a fast-track task force. We needed
18 to go back, and we needed to continue the studying and working
19 really hard, opening the door in a more informal setting instead
20 of public forum as we sit in today, but actually an
21 around-the-table meeting with citizens, with environmentalists,
22 with business, with everybody at the table. And we went through
23 a process.

24 Now, we did a similar thing from the June meeting
25 of the Air Resources Board. We held that final approval and
26 said, let's go do a fast -- let's go do a task force, and go up
27 and down the Valley, meet with folks, hold a forum, see if we
28 can't find improvements to the plan.

1 And in fact, the state implementation plan was
2 strengthened through that process. The Valley district came up
3 with a new plan to also assist with an acceleration of plans.

4 That being said, at the end of the day with the
5 task force, after multiple meetings all summer long, we
6 improved, narrowed the gap, so to speak, as to what was left to
7 accomplish, down to 49 tons per day. Now, it sounds like a
8 little, but when you've gotten every big scrap, you're looking
9 for the tiny grains of sand. But that being said, they're very
10 important tiny grains of sand.

11 So, at the end of the day, an approvable plan
12 still had to be submitted forward. We did have enhancements
13 placed in that plan, and it still was believed that there's an
14 element of technology that has to be created to continue to move
15 us forward.

16 Now mind you, the plan did have a mandatory
17 deadline extension; 90 percent of the population living in the
18 San Joaquin Valley will be in attainment by 2017, 90 percent.
19 But we all need to be very mindful of that remaining 10 percent
20 that we have to bring up, along with everybody else.

21 And in fact, the San Joaquin Valley has taken our
22 opportunities for incentive funding, and we've directly targeted
23 those areas that are continuing to have a problem, that
24 remaining 10 percent. We're actually looking at incentive
25 programs totally focused on how we can get their emissions
26 reduced. And sometimes it means reducing emissions of the
27 up-wind city, which tends to be large urban areas.

28 Specifically, Arvin has the unfortunate

1 circumstances of being down-wind of Bakersfield and receiving a
2 lot of emissions coming their way. We also have Parlier, which
3 is in my neighborhood. And Parlier happens to be down-wind of
4 the City of Fresno.

5 So, I think from a legal standpoint, we did what
6 we legally were required to do. From a gut reaction, I don't
7 like it. I think a lot of people can say I really don't like
8 this.

9 And my commitment has been, and just by the mere
10 work that I've done over the past summer, to continue to look
11 for things. We can then go back and amend the plan, as anything
12 that can be approved within that plan. We'll go back and amend
13 it, and put it in the plan.

14 SENATOR ASHBURN: I realize that what you're
15 describing extended over a period of time of deliberations.

16 Was your role an active role or a passive role
17 with respect to trying to accelerate compliance and to achieve
18 or come up with an adoptable plan?

19 MS. CASE: It was a very active role. And mind
20 you, my first position is as a county supervisor, so I still
21 have to serve that district.

22 But during the summer months, I spent five full
23 working days pretty much every month going to meetings, meeting
24 at these task force, trying to do some work related to them,
25 coming up and meeting with the rest of the Air Resources Board.
26 I was very active in that process because it's so important for
27 us to clean our air.

28 SENATOR ASHBURN: Was your vote different than

1 the vote of the other members of the San Joaquin Valley Air
2 Board?

3 MS. CASE: Well, there were two members of the
4 San Joaquin board who believed that -- they just were so
5 uncomfortable with the deadline extension, they weren't willing
6 to vote for the plan.

7 The problem was, as you went forward, you had to
8 have approvable elements in that plan, and nobody could come up
9 with what was that going to be. We came up with improvements,
10 but still to meet that standard you had to get into the
11 prescriptive rule that we had to meet the standard according to
12 the federal law to submit this forward.

13 Since then, one of those two members has come
14 more into agreement that we did what was legal and has been
15 interested as we pursue a continuing fast-track effort, because
16 we all believe we should be able to get to 2017. But it
17 continues to require more work, and we're committed to that
18 work.

19 SENATOR ASHBURN: Was your vote as a member of
20 the ARB consistent with the votes of the other members of the
21 Air Resources Board on this subject?

22 MS. CASE: Yes, it was. The June hearing, there
23 was one member who stated a concern that the San Joaquin
24 district hadn't done enough.

25 At the final approval, it was a unanimous vote by
26 the membership of the ARB.

27 SENATOR ASHBURN: So your vote was not
28 inconsistent. It was not different. It was not at variance

1 with the decision made by all the other members of the Air
2 Resources Board?

3 MS. CASE: That is correct.

4 SENATOR ASHBURN: Let's talk now about the issue
5 of the expansion in the membership of the San Joaquin Valley Air
6 District Board. What was your position on legislation, if you
7 had a position, on the proposal to increase the number of
8 members of that board?

9 MS. CASE: I didn't feel that an increase in the
10 membership would clean the air. That is a true statement.

11 And you may have read some in the press that this
12 was a disengaged board, and I would submit to you this was not a
13 disengaged board.

14 And as an elected official, you're required to go
15 out and meet with people in the public. So, you're very in tune
16 with what the residents in your region and out in the public are
17 saying.

18 And part of that reasoning is, I'm a health care
19 provider. I've been one for 30 years. I listen to everybody's
20 story. We all come with different perspectives and different
21 backgrounds with the same goal, and that is to clean up our air.

22 When you have large boards, the larger the board
23 is, the more the staff drives what gets decided, as opposed to
24 that public input side. So, I really felt that that wouldn't
25 have a particular enhancement to that legislation. Now it has
26 passed.

27 And I also believe -- in fact, I dropped into
28 Senator Machado's office today, because I believe we need to

1 work forward. We need to welcome the new members to the board.
2 I'm happy to do that.

3 I'm hopeful we'll have a strong individual in
4 terms of air quality with our position member, but that is where
5 I was with that.

6 SENATOR ASHBURN: I interpret Senator Florez'
7 comment to be that you were an active advocate in opposition to
8 expanding the membership of that board.

9 Is that this any way a fair characterization of
10 your role?

11 MS. CASE: No. I was really quite busy with a
12 number of other things in terms of trying to get some rules and
13 programs in place to reduce our air pollution.

14 Yes, I took a position because our board was
15 asked to take a position on that particular legislation. Was I
16 out making that my number one issue? No, because I really was
17 focused on cleaning the air and doing the work of the district.

18 SENATOR ASHBURN: Did the Air Resources Board
19 take a vote on the proposition for the proposed expansion of the
20 membership of the San Joaquin board?

21 MS. CASE: Did the Air Resources Board --

22 SENATOR ASHBURN: Did the Air Resources Board
23 take a vote on that?

24 MS. CASE: No, not to my knowledge, and not while
25 I was seated there.

26 The San Joaquin Valley board did, but not the Air
27 Resources Board.

28 SENATOR ASHBURN: And I would make the point that

1 the confirmation for which you sit today is to the Air Resources
2 Board. So, it would be, I think, of the highest interest of
3 what your specific action was in that capacity, since that's
4 what we're considering you for.

5 So, that board, the ARB on which you sit, did not
6 take a position.

7 MS. CASE: No, they did not.

8 SENATOR ASHBURN: So therefore, you did not take
9 a position; is that correct?

10 MS. CASE: No, not as a member of the ARB.

11 SENATOR ASHBURN: Senator Florez had some unkind
12 things to say about your role on the SB 700 series, a series of
13 bills that he carried that were very controversial with respect
14 to the industry that produces the food and the fiber for the
15 people of California.

16 How would you characterize your role in advocacy
17 for or against those particular bills?

18 MS. CASE: You know, I stated many times on the
19 record I believe that agriculture needed to be treated the same
20 as all other industries. And they had to pay -- play an
21 integral part in cleaning up our air. And they were part of the
22 solution.

23 So, I fully supported the elimination of the
24 exemption that was done by the Legislature. I fully supported
25 eliminating that exemption.

26 SENATOR ASHBURN: Let me stop you to be very
27 clear.

28 Did you vote in favor of a support position, or

1 did you vote in opposition of a support position on the ag
2 exemption legislation?

3 MS. CASE: What I voted for was support if
4 amended.

5 SENATOR ASHBURN: So that support if amended, and
6 what was the amendment that you had in mind?

7 MS. CASE: The amendments were to include some of
8 the potential solutions and the need for legislative support on
9 being able to meet clear air. As we moved forward, there had to
10 be some alternatives in place as agriculture changed their
11 entire process for what they did.

12 SENATOR ASHBURN: So, would you characterize your
13 role as being an opponent of the 700 series bills that Senator
14 Florez raised?

15 MS. CASE: I was not an active opponent, but I
16 wanted to see some amendments.

17 And I state multiple times, I believed that we
18 needed to have the agricultural community included in
19 regulation. I truly believed that. I believe it today.

20 I believed it needed to be the same as what was
21 happening with other industries. They all were facing the same
22 challenges.

23 I felt we needed to look further for some of the
24 solutions. Certainly, ag burning and having an alternate to
25 burning is still a very -- a very big subject for the
26 agricultural community. So that is still a piece that was not
27 included in the legislation that would have been very helpful
28 today.

1 With that being said, the local air district has
2 moved forward with multiple regulations on the agricultural
3 community, to have them play their part. So, there are rules
4 that have all ready been passed. There are rules that are
5 coming down the pipeline.

6 SENATOR ASHBURN: I want to get specifically,
7 though, to the characterization that as an elected official, as
8 a member of the San Joaquin board, as a member of the ARB, in
9 some way you were an active -- and I think this is a fair
10 characterization of what Senator Florez said -- that you were
11 actively in opposition to those bills.

12 MS. CASE: The extent of my activity was to
13 approve a resolution that said: Support if amended.

14 I did not attend rallies. I did not put out
15 letters.

16 I did not -- again, that was not where I was
17 spending my time. I felt it was important to take a position.

18 SENATOR ASHBURN: The issue of agricultural
19 burning has been raised, especially as it relates to the San
20 Joaquin Valley area.

21 I've been a part of that issue for a very, very
22 long time.

23 What would you have to say about the concern that
24 was raised, that somehow you've been deficient in doing enough
25 to stop the agricultural burning?

26 MS. CASE: I have supported the regulation done
27 at the local level for ag burning. And it has eliminated 90
28 percent of the agricultural burning to what the historic levels

1 were.

2 What is in that is, really it has a phased in
3 elimination of various forms of ag burning, and the last piece,
4 which was actually included in the legislation because it was
5 known that it would be difficult, is what to do with diseased
6 plants. There is an exemption for that because burning is the
7 only way to eliminate the disease so it doesn't get carried over
8 to other plants and cause harm in terms of the ability to
9 produce that product.

10 We also allowed for an exemption of below 20
11 acres: 20 acres and below would be allowed to be burned. But
12 that acreage could not be part of a large farm operation,
13 because there was concern that a large farmer would just take
14 spots around the area and burn different 20-acre parcels, and
15 only burn it a little bit at a time so they never met the
16 benchmark. So, we tightened the rule, because I don't think we
17 should have big farmers able to do that.

18 But there are a lot of folks that have 10 acres,
19 15 acres, that don't have other resources in terms of partnering
20 that with other activities, so there is that exemption in place.
21 It is being phased out.

22 SENATOR ASHBURN: The specific issue was raised
23 of your lack of support for generating the funds adequate to
24 carry out some of these air improvement programs, and
25 specifically the Vehicle License Fee.

26 What is your position on that? Have you taken a
27 position?

28 MS. CASE: Actually the San Joaquin board, myself

1 included, has supported 240, which is going forward, which is an
2 additional fee.

3 I would actually like to support that everybody
4 in the State of California should pay those fees, because there
5 are so many vehicles from outside of the area that travel
6 through the area. They're contributing a fair share of that
7 pollution: 49 percent of the goods movements trucks traveling
8 are through the Valley, contributing.

9 But that being said, I'm also pragmatic where I
10 want to see some improvement, so I support that legislation.

11 SENATOR ASHBURN: So how is it possible that
12 someone can come here and say that your position is different
13 than that? How is that possible in your mind for that
14 characterization to be made?

15 MS. CASE: You'd almost have to ask the Senator.

16 SENATOR ASHBURN: You can say what you need to
17 say.

18 MS. CASE: You know, there are different ways of
19 looking at it, and I think the devil's in the detail. There's
20 legislation --

21 SENATOR ASHBURN: Wait a minute, though.

22 This is an explicit action, and the accusation
23 made by Senator Florez is that you have opposed increasing the
24 Vehicle License Fee to pay for the air programs.

25 Now, either that's factually correct, or it's
26 factually incorrect. So, what is the fact?

27 MS. CASE: I think he needs to go back and take a
28 look at our action on 240, and we had unanimous support.

1 SENATOR ASHBURN: So Senator Florez is wrong in
2 his characterization.

3 MS. CASE: In our recent action, he is absolutely
4 wrong.

5 SENATOR ASHBURN: And I would say that on every
6 issue that he cited, he has cited the record incorrectly.

7 When Mary Nichols was here for an informational
8 hearing, I questioned her extensively, and this was following
9 the departure of Dr. Sawyer, which was a controversial matter.
10 And the excuse made for the departure of Dr. Sawyer was the
11 attainment dates in the San Joaquin Valley plan, and the
12 adoption of that plan.

13 And Mary Nichols told this Committee, because I
14 asked and I asked again, just as I'm doing now with you, what
15 happened? What is the truth? What is your position?

16 And she made it explicitly clear that there were
17 no other actions that could have been taken. That her action
18 would have been the same as Dr. Sawyer's.

19 And so, if it was good enough for Mary Nichols,
20 it's good enough for you.

21 And I do not believe that mischaracterizing your
22 career, your public stands, is in the best interests of the
23 public ever. And that's what's being attempted here today, and
24 I'm not going to allow it.

25 We're going to go through this record. We're
26 going to look at your votes. And at least if people don't like
27 you, that's fine. But they are not going to mischaracterize
28 your votes or your positions.

1 Is there anything that was said so far in this
2 hearing by anyone that you feel you need to clarify for the
3 record?

4 MS. CASE: You know, I think it's important to
5 look at what this appointment is to the Air Resources Board.

6 There have been several very important measures
7 that have gone through from that board. And I will speak
8 specifically to one that we've had, and that is the construction
9 rule. Affects a lot of business owners up and down the San
10 Joaquin Valley, as well as throughout the state. Highly
11 contested. It's about diesel. It's about diesel particulate
12 matter. It's a huge issue for all of us. It contributes to
13 ozone.

14 For anybody who says I won't stand strong on the
15 California Air Resources Board, we did have some members of our
16 board that wanted to have a longer phase-in period, and I was
17 not in agreement with that. I felt we needed to follow through
18 with the path that the staff had been working on to accelerate
19 the change out in diesel engines.

20 And so with that initial effort to extend the
21 time for that implementation, I was not in favor of that. And I
22 think we led the charge to get that implemented as soon as
23 possible, which was the staff's recommendation.

24 SENATOR ASHBURN: And I might say just
25 parenthetically, for those who are going to comply with that
26 very, very stringent standard, it's going to be very difficult,
27 very difficult.

28 As you talk about diesel engines, and

1 transportation of products from where they're produced or where
2 they arrive, to where they're needed in the grocery stores, in
3 the distribution outlets, that ultimately arrive in every one of
4 our households, because we're talking about the basic
5 necessities that arrive on a truck, to have compliance with
6 these diesel rules is going to cause a severe change in the
7 price of products. And so, anybody who believes that they're
8 not going to pay for cleaner air because there are cleaner
9 diesel trucks, they are sorely mistaken.

10 And we're not talking about what's good for the
11 economy. What I'm talking about is what's good for the family
12 household budget, and that which they put on the table to feed
13 the kids.

14 I mean, asthma is a very serious problem, but
15 also three meals a day is a very serious concern. And how
16 families are going to be able to afford that is something that I
17 think you're justified in taking a look at as you adopt these.

18 So, I'm not sure I would have done what you did
19 on the diesel rule, but you took the tougher position.

20 MS. CASE: It was. That was the construction
21 rule. We have yet to address the trucking rule, and I think it
22 will be equally challenging, but I am very much committed that
23 we need to reduce diesel emissions, both for its particulate
24 matter. That is a major source of harm to human health. It's a
25 carcinogen. It also is a trigger for asthma.

26 It also, with the impact with PM 2.5, the little,
27 itty-bitty, tiny specks of soot that go through, that actually
28 crosses through and gets into the cardiovascular system and

1 causes great harm.

2 So, I think that's going to be a really important
3 rule making going forward.

4 If I might take a moment, I'm just thinking as
5 our discussion about supporting the extra fees for DMV, there
6 was an occasion that I haven't supported that because, as I
7 stated, I really believe it needs to be paid for statewide,
8 because I think we all need clean air. And it doesn't stop at
9 whether it's a county border, or an air district border.

10 And we saw particularly this past summer with the
11 fires in far Northern California, I remember one night my
12 husband and I woke up at 2:00 o'clock in the morning. We could
13 smell the smell of smoke so strong this our house, we jumped up
14 and went out to see if our house was on fire. We were very
15 worried, and later find out -- found out that was smoke coming
16 from the Oregon-California border from those fires.

17 So, my point is, the transport of pollutants is a
18 huge issue we also have to grapple with.

19 So, there have been times I have felt that was
20 too specified to one region versus another. I'd like to see it
21 as statewide legislation, but I have joined with my colleagues.
22 If the only opportunity today is with SB 240, and that gives us
23 additional mitigation money to move forward with cleaning up the
24 Valley's air, then I'm on board.

25 SENATOR ASHBURN: That concludes my questions.

26 Anyone else?

27 Senator Padilla, a break is needed.

28 SENATOR PADILLA: I was just going to say, as

1 important as asthma is, so is carpal tunnel syndrome.

2 [Laughter.]

3 SENATOR PADILLA: Please add that to the record.

4 SENATOR ASHBURN: We are going to take a 10-
5 minute break in our hearing now to allow a brief rest period.

6 [Thereupon a brief recess was taken.]

7 SENATOR ASHBURN: We'll call Rules Committee back
8 to order.

9 MS. CASE: If I might clarify a prior comment,
10 because it was pointed out to me that it wasn't clearly stated.

11 I have opposed additional Vehicle License Fees in
12 the past because I do believe we need to have a more global fee.

13 I do support 240 because I think we need to have
14 a starting point, we have such big problems in the Central
15 Valley, though I would still say I believe it should be
16 statewide.

17 SENATOR ASHBURN: Thank you for the
18 clarification.

19 Senator Padilla.

20 SENATOR PADILLA: Thank you, Mr. Ashburn.

21 Welcome, Ms. Case.

22 MS. CASE: Thank you.

23 SENATOR PADILLA: Talking about a lot of issues,
24 and a lot of previous actions that you've participated in, and
25 I'll apologize in advance if you've covered some of the same
26 territory. So, pardon the redundancy, but I think it's
27 important.

28 First, a more macro question, a global question.

1 As a member of the Air Resources Board, who do you believe
2 you're there to represent interests of?

3 MS. CASE: Who am I there to represent the
4 interests of?

5 SENATOR PADILLA: Yes.

6 MS. CASE: All of the citizens of the State of
7 California, because we all breathe the air.

8 SENATOR PADILLA: And I guess to put it a little
9 bit differently, who do you feel as a member of this board the
10 greatest responsibility for?

11 I mean, the actions that you take, the votes that
12 you cast have impacts on everybody. And you've done quite a job
13 here today reminding us that there's agricultural interest,
14 there's business interest, there's economic concerns.

15 At the end of the day, it's the people of
16 California who breathe the air, clean or not clean. Who do you
17 feel the greatest responsibility for when you're making
18 decisions on votes that you cast?

19 MS. CASE: I don't know if you're looking for a
20 different answer, but I still believe every citizen deserves to
21 have clean air. And that is where we should keep our focus,
22 because that's what the Air Resources Board does.

23 SENATOR PADILLA: And I have to say for the
24 record that I find it a little interesting, because just last
25 week the Tulare Advance-Register in an editorial in support of
26 your appointment stated that they, quote, "... see no harm in
27 having an advocate for agriculture on this board."

28 Now, what would make them think that you're a

1 voice for agriculture rather than, say, all the people of
2 California, or specifically for children, or matters of public
3 health?

4 MS. CASE: I think their statement may be
5 reflective of the fact that I live in a smaller community. I
6 don't live in an urban hub. There are many farmers in my
7 region, so they believe I have an understanding of the issues
8 related to agriculture because I live them and breathe them.

9 But again, I believe our ag industry needs to be
10 regulated similar to other industries, because they are a
11 contributor to our bad air.

12 SENATOR PADILLA: Now, as part of our preparation
13 for the Committee for this hearing, the Committee has received a
14 lot of opposition to your confirmation from leading clean air
15 advocates, including the American Lung Association. They argue
16 that your record both as county supervisor and as a member of
17 the air district is counter to the best interest of air quality
18 and public health.

19 So, you have a local newspaper and advocates
20 saying essentially the same thing, that your emphasis here is
21 your advocacy for agricultural interests.

22 Why would local clean air advocates oppose your
23 confirmation?

24 MS. CASE: The question is why do they oppose my
25 confirmation?

26 SENATOR PADILLA: Why do you think local clean
27 air advocates oppose your confirmation?

28 MS. CASE: I believe one of the biggest concerns

1 has been the process going through on the ozone SIP. The clean
2 air advocates have also said, honestly, I'm in the pocket of oil
3 industry. And I welcome them to look at any contributions to me
4 directly politically to see whether that's true.

5 But I listen to all individuals that have an
6 interest in an issue. I talk to many people. It's not just
7 those in agriculture, though I have many farmers that are
8 friends that live around me. I also have friends in health care
9 and other industries.

10 So, my job is to weigh the best ways to move
11 forward to clean the air.

12 I don't believe I'm in one particular industry
13 versus another. I think ultimately we have the same goal.

14 SENATOR PADILLA: I hope you at least recognize
15 if not appreciate that as Members of this Committee considering
16 your confirmation, we too hear from a number of people. When
17 there are folks who support your confirmation, and the argument
18 is your strong advocacy for agricultural interests, and we have
19 individuals and organizations who are recognized as not just
20 credible, but leading advocates for clean air and public health,
21 and those individuals are lined up in opposition to your
22 confirmation, if we listen to all sides, I think you can see
23 where concerns and red flags are raised as we enter here today.

24 I want to ask a question on the general issue of
25 conflicts of interest. The air board's basically responsible
26 for regulating emissions from mobile sources, including
27 trucking -- you articulated that earlier -- different than the
28 local air district.

1 Prior to joining the Board of Supervisors, you
2 worked as Controller for Lonnie Case Trucking.

3 You're not just an elected member of the Board of
4 Supervisors, but you're now a state regulator. Do you see any
5 potential for a conflict of interest?

6 MS. CASE: I don't, and for the record I'll
7 clarify. Lonnie Case was my father, long since deceased. My
8 brother was in the trucking industry. He continued in the
9 family business, which was in operation for 60 years. He shut
10 the business down about four years ago because of the changing
11 economics in trucking. So, I no longer have a family member in
12 trucking.

13 I will say I understand some of the challenges
14 that industry has, and I think that's a good thing.

15 I also looked because my husband is a certified
16 public accountant, and he has many clients. We live in an
17 agricultural area, so he's likely to have ag clients. So, we
18 look at that very carefully because as an elected official at
19 the county level, I do take conflict of interest very seriously,
20 and I take the perception of conflict of interest very seriously
21 because I think it's really important that the public have
22 confidence in any particular rule.

23 I have talked with the attorneys at the Air
24 Resources Board because I do believe the upcoming truck rule is
25 very important. It's going to be highly contested. It's going
26 to be a big project. It's going to be a very important project
27 for the Valley and for the rest of the state to meet attainment.

28 So, because of my husband's business, I've had

1 those conversations. He does have one client that has some
2 trucking in their activities. We've looked at what those
3 standards are. My understanding is that if a rule impacts a
4 great number of people, such as the previous car rules, where we
5 all drive cars, so it was seen that that impact was not specific
6 to one person. It has to apply to less than 2500 entities or
7 individuals to be applicable, and this is a broad rule.

8 The other is percentage of income received from
9 any one entity, and we have not met that benchmark.

10 So, I look at that very carefully, and I
11 understand your concern.

12 SENATOR PADILLA: That's an upcoming rule?

13 MS. CASE: That is an upcoming rule I have not
14 taken a position on, but I am closely tracking to make sure I'm
15 not in a conflict of interest position. At this point I'm not.

16 SENATOR PADILLA: In the past, either as a member
17 of the local air district or as a member of the Board of
18 Supervisors, or your previous service at the city, have you ever
19 had to recuse yourself?

20 MS. CASE: I have recused myself at the county
21 level. Again, a client of my husband, because we did a bio
22 solids rule. And though I didn't meet the total benchmark of a
23 problem, I still -- I will weigh on the side of caution and ask
24 for legal opinion to make sure I don't have conflicts of
25 interest.

26 SENATOR PADILLA: There's also been a lot of
27 reference in the materials and in your testimony today about
28 your background in nursing.

1 How long has it been since you practiced nursing
2 on a full-time basis?

3 MS. CASE: On a full-time basis, it's been a
4 number of years. Gosh, I'm going to say over 18, somewhere in
5 that neighborhood, and excuse me if I'm off a year or two. But
6 it's been a few years.

7 SENATOR PADILLA: You can round it off.

8 MS. CASE: I do work every other weekend at a
9 large acute care hospital. That's 24 hours over the weekend as
10 house supervisor.

11 SENATOR PADILLA: I appreciate and respect that,
12 but I think hospital administration is one thing. But direct,
13 full-time nursing and care of patients is quite another.

14 So, with the emphasis that we've heard today
15 about you being a registered nurse, to sort of check that up
16 against your resume, where full-time nursing is mentioned in a
17 time period spanning from the late '70s to the early '80s,
18 that's not exactly recent.

19 MS. CASE: Maybe it would be helpful if I clarify
20 my current role with the hospital that I work at.

21 I'm not an administrator that sits in an office.
22 I'm a hands-on clinical supervisor over the operations of the
23 hospital. If a patient has a cardiopulmonary arrest, I attend
24 those. I put my hands on that patient, and I am part of the
25 team.

26 Do I do a lot of that? No, because I think we
27 have some really expert nurses in our critical care units that
28 can do a much better job than I.

1 Am I involved and engaged in the actual patient
2 care element? Absolutely.

3 The other really big thing that gives me some
4 insights as to what's going on, and the big picture for health
5 care is, as the house supervisor, I'm responsible for making
6 sure that we provide for beds for patients coming in through the
7 emergency room. And I'm sure you've heard about how impacted
8 emergency rooms are these days. In the health care arena, they
9 get backed up.

10 I know in my facility, we've had times when we've
11 had 25 or 30 people I've got to find beds for in the hospital.
12 So, I am up looking to make sure there's -- making sure people
13 get discharged, sent home with appropriate resources, and at the
14 same time finding the appropriate bed to bring them in the door
15 so that they can have that. And at times having some pretty
16 big challenges when we have critical care patients, somebody who
17 crashes out on the floor, who needs to get into an intensive
18 care unit, and I don't have a bed for him. So, I'm out there
19 making sure that patient's doing okay until we get a bed for
20 him.

21 So, I think that pretty well qualifies as a
22 bedside nursing person, because I do have that hands-on piece.

23 SENATOR PADILLA: And again, I do appreciate that
24 the relevancy here is obviously the impact of air quality on
25 public health, not just in emergency rooms, but chronic diseases
26 and everything in between.

27 So let's talk a little bit asthma. We talked
28 about asthma earlier. While there may be some debate as to what

1 causes asthma, I think there's a general consensus that air
2 pollution is a trigger that worsens asthma and bronchitis
3 attacks, and that it stunts children's lungs.

4 Would you agree or disagree with that statement?

5 MS. CASE: I think asthma causes events of --
6 excuse me. I think air pollution causes exacerbation of asthma,
7 absolutely.

8 I think it's not only asthma that you see. You
9 also have chronic obstructive pulmonary disease. You have
10 increases in all sorts of lung diseases when you have high
11 levels of air pollution.

12 SENATOR PADILLA: How many children throughout
13 the Valley have asthma?

14 MS. CASE: Way too many. I think the prevalence
15 rate is currently about 16 percent. Fresno County itself is
16 about the number six county in the State of California, with
17 Solano County being number one.

18 SENATOR PADILLA: Do you have any sense for the
19 numbers, either county-wide or city-wide? How many children are
20 we talking about?

21 MS. CASE: I haven't gone and calculated the
22 numbers recently.

23 SENATOR PADILLA: I ask the question because
24 whether it's at the local government level, or at the state
25 government level, we can care a lot about statistics, and
26 percentages, and graphs, and trends, but to gain a real
27 appreciation sometimes it's helpful to know specific numbers,
28 because each number we're talking about here is a child, a child

1 that, as Mr. Florez described, carries an inhaler to school in
2 their backpack, along with their pencil and paper.

3 The numbers Valley-wide are 256,000 children with
4 asthma. Fresno County alone, the number is 75,000. Those
5 numbers are astounding.

6 I've also read in reports that researchers fear
7 that more than one-in-four Valley children could have chronic
8 lung disease within the next couple of years. And that's just
9 children. That's not accounting for the adults, many who also
10 suffer from asthma, bronchitis, whether pollution-caused or
11 accelerated pulmonary illnesses. You mentioned in earlier
12 testimony, it also leads to cardiovascular problems.

13 My understanding is that there is a term among
14 the local medical professionals for the cough developed by many
15 years known as Valley Lung. Are you familiar with Valley Lung?
16 Is that a term you use?

17 MS. CASE: It's not a term I see in the hospital
18 environment, but I would agree. Continual exposure to air
19 pollution has cumulative impacts. I experience exercise-induced
20 asthma. I got it as an adult, and I -- my response is, adults
21 don't get asthma; that's a childhood disease.

22 And certainly, I think it impacts children in the
23 most severe area, and that's where we really do have greater
24 concern because we don't want them to grow up with bad lungs.
25 But it also affects adults.

26 SENATOR PADILLA: Ms. Case, do you believe air
27 quality is one of the largest public health issues facing the
28 Valley?

1 MS. CASE: I think it is the public health issue
2 number one facing the Valley. Not only facing the Valley, I
3 think it's facing the state and facing the nation, because
4 nationally, we're seeing increases in the rate of asthma. And I
5 think we really need to get our hands around that.

6 And I do think it is a public health crisis.

7 SENATOR PADILLA: In June of last year, the
8 Governor said that there are few environmental issues facing
9 California that are more important to our children's health, and
10 to our quality of life, and to our economic security than air
11 quality.

12 Having heard what you just said, appreciating
13 what the Governor said just last year, I know you've been asked
14 before, and you've answered before, but I'll ask you again. Why
15 did you vote to extend the Valley's deadline for complying with
16 the Federal Clean Air Standards from 2013 to 2024?

17 MS. CASE: I voted exactly the same as the
18 unanimous board.

19 SENATOR PADILLA: I'm not asking about the rest
20 of the board. I'm asking --

21 MS. CASE: Because it was --

22 SENATOR PADILLA: -- why did you vote to delay?

23 MS. CASE: Because it was legally required to
24 submit a plan. It was part of the federal requirement under the
25 Clean Air Act.

26 SENATOR PADILLA: The vote took place in the year
27 2007, a full six years in advance of the 2013 deadline.

28 My understanding is that you not only voted once,

1 but twice: Once as a member of the local air pollution control
2 district, and once as a member of the ARB.

3 MS. CASE: Actually three times: Once as a
4 member of the local air board, and twice as a member of the ARB.

5 SENATOR PADILLA: So you voted three times to
6 seek a delay?

7 MS. CASE: No, not the seek a delay, but to put
8 forth a federally approvable plan. With a lot of work that's
9 gone on since then to accelerate it, because I, same as you,
10 don't believe 2017 -- or 2024 is an acceptable date, but in
11 terms of what was required legally, that was part of the plan
12 that had to go forward.

13 SENATOR PADILLA: There's two pieces. One is a
14 plan on how you achieve certain air quality improvements. And
15 then there's a timeframe that you're saying we will achieve
16 these improvements by a certain date.

17 So yes, the plan is an element of that decision
18 making, but you cast a vote not just once, not just twice, but
19 three times to suggest we don't need to achieve it by 2013.
20 We'll achieve it by 2024.

21 That to me doesn't seem like you appreciate the
22 sense of urgency that at least I have, and I know most of my
23 colleagues have.

24 When I reflect on the numbers I articulated a
25 minute ago, the 75,000 children with asthma in Fresno County
26 alone, the more than 250,000 children alone throughout the
27 Valley with asthma, to think that we're putting off 16-17 years
28 the time in which we have to come into the compliance with

1 today's federal air quality standards, to me that doesn't add up
2 to a sense of urgency on your part that I would hope to see by
3 individuals that are serving at the State Air Board or local air
4 pollution control districts.

5 MS. CASE: Well first, let me state I agree there
6 is great urgency in meeting the clean air standards.

7 But I would tell you that those aren't two
8 separate votes and two separate decisions. It is prescriptive
9 in the law of the Clean Air Act that to have an approvable state
10 implementation plan, or a local implementation plan that becomes
11 part of the state implementation plan, you have to have
12 reductions in air pollution that are quantifiable, sustainable,
13 that can be verifiable. They have to have all of those elements
14 and be included in that air plan with proof that you can meet a
15 certain level of air quality, or lack of pollutants, by a
16 certain date.

17 SENATOR PADILLA: What you're suggesting to me is
18 that the technology does not exist, that regulations do not
19 exist that, if implemented, air quality improvement in the
20 Central Valley could not have been achieved earlier than 2024?

21 MS. CASE: What I'm saying is that at this point
22 in time, the technology is not there to get us to the 2017. We
23 can get 90 percent of the Valley there. We have 10 percent we
24 are still working very diligently on.

25 But no, the technology has not been identified
26 that can get us there.

27 SENATOR PADILLA: Now I just have to absolutely
28 disagree with what you just said, because -- and we'll get to

1 other subjects in a second here -- in earlier testimony you
2 suggested that whether it's your supervisor hat on, or your
3 local air control district hat on, that you've taken positions
4 on proposed regulations that, if amended, you could support.
5 And in those if amending, some could interpret as weakening.

6 So, certain air quality gains, certain air
7 pollution reduction gains that could have been achieved, we're
8 now shaving off a little bit here, a little bit there, because
9 of your balance of economic, agricultural interests or
10 otherwise.

11 So, that's why I said I disagreed. Technologies
12 do exist. Sample regulations that are implemented in other air
13 quality districts throughout the state do exist that could allow
14 the Central Valley to achieve federally required air quality
15 prior to 2024.

16 MS. CASE: I guess it comes down to what the law
17 requires us to do. And I'm hopeful. I know I haven't been
18 given that answer by either the staff of the Air Resources Board
19 or the staff of the San Joaquin Valley, who I both highly regard
20 in terms of their expertise. But they did not come up and show
21 that there was a technical -- technology that was new, that was
22 verifiable, that could be included in the program.

23 So, if that were there, I think we should
24 immediately amend the plan and put it forward.

25 In reviewing just all of our backgrounds, I know
26 you have an engineering background. You may know something I
27 don't know in that regard with the engineering world.

28 But I will tell you that the staff of the Air

1 Resources Board, and the staff of the San Joaquin board did not
2 identify a verifiable technology.

3 We got the number down to 49 tons per day as of
4 2017. And our goal is to bring that the rest of the way down.
5 And I agree, if that means shaving it off one ton here and one
6 ton there, we keep working on that until we get to the goal.

7 But I'm just saying at this point in time, it has
8 not been identified, and it was not my one vote on the Air
9 Resources Board saying that that was not there. It was a
10 unanimous vote on the Air Resources Board, including our new
11 Chairman, because of the legal requirements to put that plan
12 forward in a timely manner that was also dictated in terms of
13 what the timing was.

14 SENATOR PADILLA: At the local air districts,
15 there were a couple of board members with the will to vote No to
16 seek the extension.

17 MS. CASE: There were two brand-new board members
18 that, at the San Joaquin Valley, both were invited to
19 participate on the task force that then went from there, looking
20 for the fast-track opportunities to find additional measures.
21 Neither one chose to participate in that for whatever reasons
22 they had, or conflicts in their calendars.

23 Through that process, we did strengthen the state
24 SIP. We were able to accomplish that.

25 And we did -- the air district put together a
26 program to also try to get earlier emission reductions in the
27 Valley from their perspective. Again, we did a fast-track.
28 Everybody was invited, including those two members.

1 I was the only member that did sit in on all of
2 those, and I still feel that that effort's very important to
3 continue working on because of the urgency of the issue.

4 SENATOR PADILLA: So, if the Central Valley
5 doesn't have to achieve federal guidelines for another 16-17
6 years, what that also tells me is that the children of the
7 Central Valley will be adults by then.

8 What's the impact of air quality on their lungs
9 in the meantime?

10 MS. CASE: I think anybody exposed to long-term
11 pollution has impacts on their lungs.

12 Asthma is a chronic disease. The more frequent
13 you have an exposure, the more the lungs start to react to it,
14 and you start having permanent changes.

15 So, there is absolute urgency. I absolutely
16 agree with you on that.

17 SENATOR PADILLA: Also, to take difference with
18 the terminology you used earlier about no more big scraps left
19 to go after, there's only tiny grains of sand left. Not that
20 tiny grains are insignificant; every tiny grain counts.

21 But it would seem to me that the levels of
22 pollution in Central Valley air leaves a lot of big scraps that
23 are still to pursue.

24 Let me ask a question. Are there rules and
25 regulations in place that prohibit people from using their
26 fireplace at certain times of the day or certain times of the
27 year?

28 MS. CASE: I'm actually glad you brought that

1 out.

2 There is one air district that has in fact put in
3 a fireplace rule, and it was the San Joaquin Valley Air
4 District. And I will tell you, it was a hotly contested rule,
5 one that I felt was very important to move forward on.

6 And in fact, I believe here in Sacramento,
7 they're working. I was warned not to talk about this, because
8 it's a very controversial subject in the Sacramento region, but
9 they are looking from the leadership of the San Joaquin ward to
10 do a similar rule here in Sacramento.

11 South Coast doesn't even yet have a fireplace
12 rule. So, the only air district with a fireplace rule is the
13 San Joaquin Valley.

14 And I will submit to you, I believe that rule
15 brought us into PM 10 at attainment. Just that one rule was so
16 important, but it took a while to get it through the public.

17 SENATOR PADILLA: Yet you voted in May of last
18 year for a blanket exemption for farms to burn less than 20
19 acres per year.

20 MS. CASE: We have a phase out that's happening
21 with ag burning, and even the small producers will be brought
22 into regulation. As we've gone through that process, we've
23 worked with the farming community to find alternatives.
24 Sometimes those alternatives have not been available,
25 particularly co-generation. It's more economic for a co-
26 generation plant to locate in the Valley and then import in
27 construction waste, as opposed to taking the ag waste. So, that
28 continues to be a bit of a problem.

1 The last statistics I saw on Central Valley
2 burning, which I think really points to the effectiveness of the
3 regulation we have done, I believe there's been 228 acres that
4 have been burned. And again, they're required to burn only on a
5 day where the smoke will dissipate and not cause public health
6 impacts.

7 SENATOR PADILLA: My point in asking the question
8 is, there was opportunity to either approve a blanket exemption
9 or approve more of a case-by-case process, which could have been
10 much tighter of a restriction. You supported a blanket
11 exemption which, coming back to actions by the Legislature and
12 the Governor in the SB 700 series, could have been tighter. But
13 you voted to allow for a blanket exemption.

14 MS. CASE: One of the concerns was if somebody
15 had more than 20 acres, and they decided they needed to burn for
16 economic reasons for inability to get co-generation plant
17 acceptance of their chipped waste, was that a large producer
18 would then just go around and burn small segments. So, we did
19 put an enhancement into the rule to deal with that.

20 My recollection is that ag burning does get
21 totally phased with the exception of diseased plants over time.

22 SENATOR PADILLA: But you see the dichotomy
23 that's created when an individual or a family wishes to use
24 their fireplace but can't because of new regulations, if they
25 can look outside window or step outside the front door and see a
26 farm burning up to 20 acres.

27 MS. CASE: Well, I will submit to you, if the
28 person is not allowed to burn in their fireplace, they won't be

1 allowed to burn an orchard next to them. They are both
2 precluded from any burning because both of them are based on the
3 air quality at a given time. And we all know we actually have
4 clean air days when we can see the mountains, and it's beautiful
5 right after a fresh rain.

6 For the fireplace rule, we have to hit the air
7 quality level of 150. And it is at that point we clear that
8 it's no burning for fireplaces.

9 So within the ag burning, farmers were only
10 allowed to burn on days in which they would not be impacting
11 public health, and there was dispersion. And in fact, the air
12 district right prior to the 700 series going forward had done a
13 lot of work to really look more specific at those impacts, to
14 hire a meteorologist to really look at what the conditions were
15 atmospherically before any burning was to happen. So that, you
16 know, way back when, you'd have a burn day and a no-burn day, so
17 you might go two weeks of no-burn day, and then one day it's a
18 burn day and everybody burns, and you go right back to a no-burn
19 day. Well, that's not effective, and everybody agreed.

20 So, there was a lot more detail put in place to
21 address that.

22 But that being said, I think it was time to move
23 away from ag burning. I'm in total agreement with that. I
24 think that agriculture needed to get a way from that process
25 because it's not healthy for the long term, and we know it has
26 other impacts, too.

27 SENATOR PADILLA: I know there's a lot of people
28 here, Mr. Chair, who wish to provide testimony from the public

1 on this confirmation, so I'll forego some questions about
2 dairies and school buses for now.

3 I do want to talk about Senate Bill 719 by
4 Senator Machado. We discussed it earlier. I think your words
5 were, while you had an oppose position, you weren't actively
6 opposed to the bill?

7 MS. CASE: I mean, I guess I need a definition of
8 opposed or actively opposed.

9 SENATOR PADILLA: Well, the example you said was,
10 you weren't attending any rallies, or things like that.

11 MS. CASE: Right.

12 SENATOR PADILLA: But as a member of the Board of
13 Supervisors, not only did you vote to oppose the bill, but
14 authored a motion that was before the board to oppose the bill.

15 When you author a motion, and you're putting your
16 signature on a piece of paper, or speaking up to make the actual
17 motion, to me that would suggest active opposition, because
18 you're taking the lead on a certain action.

19 The bill sought to expand the membership of the
20 air pollution control district to provide a greater voice for
21 the Valley's interests, to include health experts, and basically
22 to provide a wider pool of candidates from which the Governor
23 could choose an appointee to the board.

24 You opposed it. The Legislature passed the bill.
25 The Governor signed the bill.

26 Do you believe the Governor was wrong in signing
27 it?

28 MS. CASE: You know, at this point in time, I'm

1 willing to accept that there is legislation in place to do that.
2 I'm happy to accept new colleagues, and I will work with them
3 towards clean air.

4 SENATOR PADILLA: So, remind me again why you
5 opposed and authored a motion to oppose the bill?

6 MS. CASE: I first believed that having elected
7 officials, you have a better connection to the public at large
8 because we are elected by the public.

9 And secondly, I believe the larger a board or
10 commission gets, it gets a lot more cumbersome, slow to move,
11 more driven by staff direction.

12 So, I like smaller boards just by that very
13 nature.

14 SENATOR PADILLA: But the board that you've been
15 appointed to, that you're here to be confirmed for, it was
16 specifically made up to provide a variety of perspectives. I
17 mean, you have the health care experts slots; you have the air
18 quality district slots; you have a public member slot.

19 Do you have an appreciation or do you not have an
20 appreciation for the diversity of views on a board when you're
21 deliberating those issues?

22 MS. CASE: I have been most impressed by the
23 members of the Air Resources Board, and I do appreciate their
24 diversity. I think they bring many opinions to the table.

25 SENATOR PADILLA: So why not support the same for
26 the local air pollution control district?

27 MS. CASE: My answers would still be the same as
28 they were.

1 SENATOR PADILLA: Last question for now, do you
2 or do you not support raising the Vehicle License Fee within the
3 county to fund air quality initiative?

4 MS. CASE: I do. I do support raising the
5 Vehicle License Fee to support air quality programs in the
6 county.

7 My preference would be that that would be done
8 statewide, but I think we've got to deal with the issue at hand.

9 SENATOR PADILLA: Thank you, Mr. Chair.

10 CHAIRMAN PERATA: On that one question as a
11 supervisor, even though counties are creatures of state, I
12 always rejected that when I was a supervisor, but the air
13 quality board is the province and the responsibility is pretty
14 clear.

15 And the only real question I have on that is, it
16 really is a legislative prerogative, and we had somebody who was
17 performing a function established by the Legislature, expressing
18 a political opinion.

19 And this doesn't require any comment. That was
20 what struck me at the time. I was looking at people who were
21 voicing opposition to that.

22 I apologize. There's a zoo going on upstairs.
23 Did you have any questions?

24 SENATOR DUTTON: Yes, I might ask just a quick
25 question here, because I was interested in concerns regarding
26 your nursing background or your health background.

27 My wife, as you know, we talked a little bit, she
28 was an x-ray technician, started when she was really young. Now

1 she's a professor in x-ray technology at a community college.

2 But I know that she still has to go through a
3 process of continuing education. She keeps all her licenses
4 current. She could actually walk into a hospital today and walk
5 right up because also part of her responsibilities are to teach
6 students. And she has to visit hospitals and all sorts of
7 things.

8 She even wears a little x-ray badge to test the
9 radiation. And I check her out once in a while to make sure
10 she's not glowing at night.

11 [Laughter.]

12 CHAIRMAN PERATA: How thoughtful of you.

13 SENATOR DUTTON: I'm not one hundred percent
14 familiar with nurses, but I'm sure you get similar continuing
15 education requirements and things like that in order to keep
16 your licenses all current.

17 Would you briefly go over that?

18 MS. CASE: To maintain a current license as a
19 registered nurse, you have to have 30 hours of continuing
20 education every two years. Most of us who work in the hospital
21 have a few more credits than that, because there are many
22 different areas in which you need to get updated on.

23 When I go through my education process, because I
24 am busy as a county supervisor, I try to focus on things that I
25 might cross over. My last 30 units that I needed to do was on
26 obesity because I think that's also a public health crisis that
27 we need to deal with and try to help our public with ways to do
28 that. My current one is dealing with updates on asthma.

1 But again, I'm doing 30 units every two years,
2 and that is mandated by law.

3 SENATOR DUTTON: The other, I was interested when
4 I was going through your background, not that it has a lot to do
5 with air quality, but for a period of time you were a senior
6 health planner for Central California Health Systems. It says
7 that you developed a report on EPA Superfund sites --

8 MS. CASE: I did.

9 SENATOR DUTTON: -- and so forth. Can you maybe
10 give us a little bit more on that.

11 MS. CASE: That goes a ways back. Yes, when I --
12 when I got out of graduate school, I came back to the Valley
13 because that was home, and I worked for a planning agency.

14 At that time we had what was called Certificate
15 of Need which hospitals, to get expansion, had to have approval
16 of these regional agencies to expand.

17 So, I went to work for a health systems agency,
18 and one of the things we thought was important to understand
19 better was really where the toxic hot spots were. It's kind of
20 interesting, that's come in as very useful information since
21 then.

22 But I did a review of reports, and it was -- you
23 know, it wasn't a scientific report. It was really a review of
24 all the various newspapers, and magazines, and government
25 documents to see where we had toxic hot spots throughout the
26 Central Valley. We have several that aren't real far away from
27 me, and I wouldn't have even known about it had I not done that
28 work.

1 SENATOR DUTTON: So, you've got a pretty good
2 awareness of those types of issues as well that obviously have a
3 critical effect on the health of adults, children, and
4 everybody.

5 MS. CASE: I really believe that we have to have
6 a healthy environment to have healthy individuals.

7 SENATOR DUTTON: Thank you.

8 SENATOR ASHBURN: Normally I don't go through two
9 rounds of questioning, but I do want to circle back because the
10 major point of contention seems to be with the adoption of the
11 San Joaquin Valley plan and the dates for implementation. After
12 all, that was the reason given for the departure of Dr. Sawyer.
13 It was reason given for Mary Nichols coming in. It's been cited
14 here as the reason why folks should look twice at your record.

15 So you've, I think, been explicit in terms of
16 what the law requires of the San Joaquin board and the ARB.

17 I'm curious to know if there are any other air
18 districts in California that similarly have extended their
19 deadlines?

20 MS. CASE: Shortly after the San Joaquin Valley
21 SIP was submitted, the South Coast Air Quality Management
22 District also submitted a plan that extends their deadline to
23 2024.

24 SENATOR ASHBURN: So, the South Coast district,
25 my characterization --

26 MS. CASE: Is in the same position.

27 SENATOR ASHBURN: -- did the very same thing?

28 MS. CASE: Correct.

1 SENATOR ASHBURN: The very same thing. And they
2 did it just a short time later.

3 MS. CASE: Yes, they did.

4 And I'm sure they're not happy with 2024 any more
5 than we are, and it shows how much work there is yet to be done.

6 SENATOR ASHBURN: And let me ask you in slightly
7 different phrasing, was your vote on the extension of that
8 deadline on that plan any different than any other member of the
9 ARB?

10 MS. CASE: It was a unanimous vote, including the
11 new Chairman.

12 SENATOR ASHBURN: Including Mary Nichols.

13 MS. CASE: Yes.

14 SENATOR ASHBURN: Thank you.

15 CHAIRMAN PERATA: Now we have the audience
16 participation part of the hearing.

17 I would ask those in support to please come
18 forward.

19 MR. DOHRING: Good afternoon, Mr. Chair,
20 Members. Bill Dohring with Advococation.

21 All of Supervisor Case's comments are consistent
22 for the last six years that I've known her as the lobbyist for
23 Imperial County, working with her at CSAC and RCRC. But even
24 more importantly, as the Vice Chair for the Fresno County
25 Transportation Authority, air quality has always been at the top
26 of her list.

27 And also, you mentioned 1B. As we went through
28 that, it was very important to her to make sure that congestion

1 was part of that plan and air quality.

2 Thank you.

3 CHAIRMAN PERATA: Thank you.

4 MS. KEENE: Mr. Chairman, Members of the
5 Committee, I'm Karen Keene, here on behalf of the California
6 State Association of Counties.

7 Supervisor Case has been a very active member
8 with CSAC. She was Vice Chair and Chair of the Ag and Natural
9 Resources Policy Committee. She was also a member of the CSAC
10 Board of Directors and Executive Committee.

11 She's done an excellent job in facilitating and
12 contributing to a wide range of discussions, policy discussions,
13 regarding everything from air quality to flood control, and we
14 strongly urge her confirmation.

15 Thank you.

16 CHAIRMAN PERATA: Thank you.

17 MR. HUNTER: Good afternoon. My name is Kirk
18 Hunter. I am CEO of the Southwest Transportation Agency, which
19 is a Joint Powers Authority in Fresno County which transports
20 6,000 students a day on school buses.

21 And some four years ago, thanks to Supervisor
22 Case, we were able to secure some property to allow us open a
23 new 17-acre fast facility that allowed us to put in a brand-new
24 15,000 gallon, first of its kind, liquid natural gas fueling
25 station, which at her insistence was public access so that we
26 could fuel public cars as well, which has allowed us to expand
27 our fleet of 10 CNG buses to now 39 CNG buses.

28 And I will say, it gives me an opportunity to

1 thank Senator Perata and Senator Florez for their school bus
2 support and school bus bills, allowing the agency and other
3 folks in California to get the funding put these buses in place.

4 But it was through Supervisor Case's efforts and
5 support and push that we were able to get this facility in. And
6 we now transporting 6,000 kids a day on clean air buses, in a
7 clean air opportunity for them, and we do that twice a day, so
8 it's 12,000 rides a day.

9 So, we do support her confirmation.

10 CHAIRMAN PERATA: Thank you.

11 MR. SADREDIN: Mr. Chairman, Members of the
12 Board, thank you for this opportunity. My name is Seyed
13 Sadredin. I'm the Executive Director and the Air Pollution
14 Control Officer for the San Joaquin Valley Air Pollution Control
15 District.

16 I'm here on behalf of the Air Pollution Control
17 District to urge your strong support for confirmation of
18 Supervisor Case to represent the air district on the ARB Board,
19 as called for in the legislation. I know it says represent the
20 air district, but we've seen Supervisor Case in action, and she
21 has been representing the entire state of California, all the
22 breathers, in a strong roll for air quality.

23 Mr. Chairman, there has been a lot of questions
24 about the ozone attainment action that the district took. I
25 know there's lot of strong feelings about that, and that's the
26 source of a lot of opposition, despite the fact that in my
27 opinion -- and I've been doing this for 26 years, Mr. Chairman
28 and Members of the Committee -- Supervisor Case has acted as a

1 strong advocate for clean air on the ARB Board.

2 And in addition to that, we in the Valley need a
3 strong voice on the ARB Board. The reason that the Valley had
4 to seek an extreme designation was in fact that we could not
5 find enough technology to get all the reductions that we need.

6 In the Valley, we face the toughest problem
7 compared to the rest of the state. South Coast has 10 times
8 more pollution per square mile than we do, but their air quality
9 is only marginally worse than ours.

10 Bay Area has six times more pollution per square
11 mile than we do, but they are fortunate with the nice ocean
12 breeze that, unfortunately for us, sometimes brings the air
13 pollution from their direction down to our side of the equation.

14 With that, we have to reduce our emissions by
15 another 75 percent, after having reduced emission from the
16 stationary sources that we have control over by 80 percent all
17 ready.

18 ARB in November, the staff of the ARB, concluded
19 that the San Joaquin Valley Air Pollution Control District has
20 the strongest air quality program for stationary sources in the
21 State of California. And when you say the strongest program in
22 the State of California, that means really the strongest program
23 in the world, because we have -- we lead the world, as you know,
24 when comes to air pollution control. And Supervisor Case has
25 been a leader on the local board and also on the State Air
26 Resources Board.

27 Supervisor Case did mention the experience with
28 the construction rule. That day I was there. And after that, I

1 was together with the environmentalists, we exchanged e-mails.
2 She saved the day for clean air that day, going against the
3 industry interest, against the people from the Valley that were
4 arguing that that is something that would be detrimental to the
5 Valley's economy. And she -- she was the champion for clean
6 air. We had total confidence in her that she would do that
7 then.

8 Please don't leave the Valley with no voice when
9 it comes at the end of February, ARB Board meeting, when they
10 will decide on Proposition 1B allocation. That would be the
11 worse thing you can do for air quality in the Valley.

12 Thank you very much.

13 CHAIRMAN PERATA: You're a civilian; right?

14 MR. SADREDIN: Yes.

15 CHAIRMAN PERATA: You work for the air board?

16 MR. SADREDIN: I'm the Executive Director for the
17 air board.

18 CHAIRMAN PERATA: Thank you.

19 Anyone further? Any opposition?

20 MS. CASE: I think there are a few more. They're
21 shy.

22 CHAIRMAN PERATA: A few more in support.

23 MAYOR BERGSTROM: I'm Leland Bergstrom, Mayor of
24 the City of Kingsburg, which is in the same supervisorial
25 district as Supervisor Case, along with most of the other cities
26 in the 15-city area of Fresno County.

27 I want to let you know, too, that I worked with
28 her on our SKF Board, which is the Selma-Kingsburg-Fowler

1 wastewater treatment plant that serves the three communities.
2 We've had a good record. We are now having problems that we're
3 having to shift around there, for instance. We had applied to
4 the state in 1971 to do a tertiary treatment plant. It was
5 underway in construction and the state stopped us. We asked
6 why, because they approved the plans and everything else, and
7 the next thing we knew, we had to stop construction. And we
8 finally got it out of them, well, we don't have inspectors to
9 take care of that kind of plant at this time.

10 And so, we had to change, and we made some
11 mistakes in our planning. We had the stinkiest city for
12 two-and-a-half years you'll find in the San Joaquin Valley,
13 because we had a northwest wind that blew that odor right on
14 into our city time and time again. Every time we had a
15 northwest, we call it, it comes right out of the Bay Area and
16 comes right down into the Valley. We're always welcoming it
17 today, but not then we didn't.

18 Judy, and I have worked with her. I've known her
19 now for quite a few years. We're talking now work situations.
20 And I know that she is very particular of anything that we pass
21 on the SKF Board, or anything that she hands us at the city that
22 we have to comply with, either the country or state, and has
23 made me a person to always dot the I's and cross the T's, and
24 things like that continuously. At times they call me a nit
25 picker, and they call her a nit picker because we're trying to
26 apply all --

27 CHAIRMAN PERATA: There must be something in the
28 Valley, because he's kind of that way, too.

[Laughter.]

MAYOR BERGSTROM: Well, I think I remember him as such.

[Laughter.]

MAYOR BERGSTROM: But even Alex over here was our President of our League of California Cities. I think he was a nit picker at times, too.

But really, I've appreciated the times she has stopped me, and sometimes I stop her and say, have we looked at this and this and this, because it looks so simple. It looks like we can go right ahead with it, and all of a sudden we find a glitch.

And we want to be sure, because we don't have that kind of money that some cities have. We get no help from the state as a rule. We get no help from any organization, and we get very few grants from any foundation because we're supposed to be too rich. We don't realize that we are, so we're used to putting our own money out of our back pocket into everything we do. And we're doing it even today, things that the state ought to be participating in.

But she is -- has been one who has encouraged us to keep trying, keep doing these things. She's been one of the finest supervisors we've ever had. Right now, we have five good ones, thank goodness.

So, I just want to endorse her on behalf of the City of both Selma and Kingsburg. And we have somebody here from Fowler.

CHAIRMAN PERATA: Thank you, Mayor. Rich city.

1 MR. CARDENAS: Good afternoon, Chairman Don
2 Perata and the rest of the Senators, staff.

3 My name is David Cardenas. I'm a city official
4 for the City of Fowler, California.

5 And this is my first time that I have been in
6 this Capitol. I'm amazed at the building and everything that it
7 contains. So, I welcome this opportunity to be here.

8 My purpose of my trip to be here before you is
9 to, of course, give you some of the information that I have, my
10 experiences with and relationship that I have with Supervisor
11 Case.

12 I've been on the city council for eight years.
13 With those eight years, I have had the opportunity to know her,
14 to talk to her about different issues that we have faced in our
15 county level and our city. I have tried to be exact as possible
16 in all the community that I belong to.

17 I also belong to the -- and represent my city to
18 the sanitation district that the Mayor, Leland Bergstrom,
19 stated, SKF. She is our Chairperson on that board.

20 Judy is a remarkable individual. She sees the
21 things that sometimes others don't see. I invite you to a
22 conversation, or we can call it debate, where everybody
23 participates. And yes, sometimes we need someone to bring us
24 down to see and make a better decision for our residents of our
25 community that we represent.

26 I feel that she has the history, the knowledge,
27 the experience to serve on the board, not only in our level in
28 our county, but now in this confirmation to a state. Her

1 concerns are everybody's concerns.

2 I heard the words more than once, a champion.
3 She is a champion. She is a true champion, proven champion.
4 And I know for sure that she will keep those experiences and
5 dedication, and as a mission to bring those to the board.
6 Health issues, air quality, those are her top worries, you know.

7 I know that she will do a very good job. I don't
8 have no hesitations in confirming and give her my support. And
9 on behalf of the Fowler City Council, and also my Mayor, Jim
10 Simonian, and the rest of my council to endorse her in this
11 designation and confirmation to the state.

12 With that, I just want to thank you for the
13 opportunity. And I hope you guys, when you guys -- it's time to
14 make the vote, and give that consideration and opportunity to
15 Mrs. Case to that board.

16 CHAIRMAN PERATA: Thank you.

17 MR. CARDENAS: Thank you.

18 CHAIRMAN PERATA: Anybody further?

19 How many cities there are in Fresno County?

20 MS. CASE: Fifteen, but they're not all here.

21 MS. LOVELACE: Senator Perata, Senators of the
22 Committee, my name Marsha Lovelace. I am a native Californian,
23 and I'm a practicing registered nurse in Stanislaus County.

24 I've lived in the Central Valley my entire life,
25 most of my life. As a little girl, I grew up in a small town
26 called Newman. I remember looking out the kitchen window and
27 being able to see the coast range mountains to the west, and the
28 Sierras to the east, and being a very crisp and beautiful

1 morning. And that view is gone.

2 I've been in health care most of my life. I
3 graduated from Fresno State with my BS in nursing with Judy. My
4 background is primarily critical care, neuro trauma, and
5 cardiopulmonary patients.

6 Our Valley air in every area greatly affect our
7 patients that we see coming into the hospitals: the COPDs, or
8 chronic obstructive pulmonary disease, the cardiac patients, the
9 asthmatics, the obese, the elderly, and many more.

10 In nursing school I was fortunate to meet Judy.
11 We have been colleagues and friends ever since. Judy has
12 pursued a number of different avenues in her career, and still,
13 while doing that, she is still actively practicing as a
14 registered nurse.

15 Judy is still the kind of nurse that you want to
16 see when you roll into the emergency department or the ICU. She
17 is a nurse that understands the needs of her patients and their
18 families, and those staff taking care of them, and will look at
19 each objectively.

20 While I can't comment on the full scope of
21 practice for the Air Resources Board, I do believe that as a
22 health care professional, Judy would be a great asset to the
23 board to with her broad clinical expertise.

24 Thank you.

25 CHAIRMAN PERATA: Thank you for being here.

26 DR. SAUL: Senator Perata, Senators, my name is
27 Dr. George Michael Saul. I'm a critical care physician at St.
28 Agnes Medical Center, and the Director of Respiratory Care at

1 that institution.

2 I came here today specifically to try to convince
3 you that Judy Case is a very bright, talented, and thoughtful
4 public servant. I think she's done that far better than I
5 could.

6 I did want to express my opinion that I really
7 believe that she's the ideal person to represent the San Joaquin
8 Valley, both as a health care professional and as a citizen.
9 I've worked side-by-side with Judy for the past ten years at St.
10 Agnes.

11 And to reassure Senator Padilla, those of us in
12 the trenches of health care do consider her a super nurse.

13 Over the years, I've been extremely impressed
14 with her ability to make difficult decisions, and to maintain
15 her composure in very stressful crisis situations very
16 repeatedly. And we've been in a lot of those together.

17 She has always made very thoughtful, well
18 considered decisions, always focused on patient care. Not
19 necessarily our patients, but the welfare of whatever patient
20 she's confronted with helping. I've seen her make a lot of
21 difficult and unpopular decisions. I've seen her cancel
22 surgeries.

23 And trust me, an unhappy surgeon is every bit as
24 bad to deal with as an unhappy donor.

25 She is above all a very eloquent and effective
26 consensus builder. She is a team player in our institution.
27 And I would submit to you that dealing with the competing
28 demands of limited resources in a medical center is very much a

1 microcosm of the challenges facing us in air quality in
2 California.

3 She is well equipped to do this job, and she is
4 passionate about it.

5 Thank you.

6 CHAIRMAN PERATA: Thank you, Doctor.

7 Anyone further? Anyone in opposition?

8 MR. HALL: Good afternoon, Senator Perata,
9 Senators, Supervisor Case.

10 My name is Kevin Hall, and I am the Air Quality
11 Chair for Sierra Club, Tehipite Chapter. I'm a volunteer and a
12 member.

13 CHAIRMAN PERATA: Which chapter?

14 MR. HALL: It's called Tehipite, and it covers
15 four counties of the Central San Joaquin Valley, of which I'm a
16 life-long resident. I live in Fresno.

17 But on behalf of not just my chapter but all of
18 the Sierra Club, I'm here to make a serious request of you. We
19 don't make it lightly.

20 We ask that you reject this nominee. And we do
21 so because we think that Supervisor Case's track record, both as
22 a county supervisor and on the air district warrants that
23 decision, because in the Valley what we need on the air board is
24 a true advocate for public health, someone who places public
25 health above the interests of business.

26 I talked to Dr. Roger Larson, who has signed the
27 letter of opposition. For 30 years he was the director, Chief
28 of Medicine at University Medical Center, formerly Valley

1 Medical Center in Fresno County.

2 And I said, "Roger, would you sign the letter?"

3 He said, "Yes."

4 And I asked him, "What would you like me to say?"

5 Roger couldn't be here today. He said, "We need
6 an advocate who places public health as the number one
7 consideration."

8 I would like to quickly address two lines of
9 questioning from Senators Padilla and Ashburn. Supervisor
10 Case's record of unanimous votes on the air district should come
11 as no surprise. It is a captive agency in every sense of the
12 word. By "captive," of course I mean that the industries that
13 it's supposed to regulate call the shots and have done so for a
14 very long time.

15 To your questions, Senator, regarding the delay
16 of the ozone attainment under the new standard, well this is the
17 long-time history of our air district, that it has always sought
18 delays in every form of pollution. And the inactions of today's
19 board -- I'm going too fast -- the inactions of today's board
20 lead to --

21 CHAIRMAN PERATA: We have never seen that before.

22 [Laughter.]

23 CHAIRMAN PERATA: You see what she does is, she
24 just makes it up. So, you'd better be careful.

25 [Laughter.]

26 MR. HALL: Thank you.

27 The inactions of today's board, as earlier
28 boards, bind the hands of future air boards. And Supervisor Case

1 took office in 1999. That's the year I happened to join the
2 Sierra Club and become the Chairman, and leaving my career in
3 agricultural publishing.

4 And I have to say that the characterizations of
5 her role as an advocate for industry, especially agriculture,
6 are true. And the history that I have witnessed over nearly a
7 decade now, in various areas -- legislation in Sacramento, rule
8 making at the air board level -- has been that resolutions are
9 passed at the county level to oppose a rule that's going to be
10 voted on at the air district at the behest of industry.

11 We have seen this most perversely or pervasively
12 in the control of agricultural dust -- Ag CMP is the current
13 rule that I'm referring to -- and it has truly turned into a
14 complete charade when it comes to our needs to achieve clean air
15 in the San Joaquin Valley. It's a long, detailed argument that
16 I won't bore you with.

17 But suffice it to say, why we need an advocate is
18 this. The other history in our long history in our Valley is
19 not just for an agricultural exemption. We had an oil industry
20 exemption of oil sources west of I-5, where the district
21 exempted itself from state and federal law. That was in place
22 before Supervisor Case joined the air board.

23 But an advocate would have listened to the public
24 health advocates who said, "We need to remove that oil
25 exemption." We had to sue to get that removed. We had to sue
26 to get the ag exemption removed. We have had eight successful
27 lawsuits against the Federal EPA and the air district for
28 failure to act.

1 And that's -- and I'll conclude with this --
2 there is a very profoundly important role for the ARB to play
3 that it does not play today, and has not played ever. It needs
4 to fulfill its role as an adjudicator of what the air district
5 does in the San Joaquin Valley and to reject these plans. When
6 instead it has, for the entire history of our district, simply
7 taken plans and moved them on to EPA. The ARB, when it impacts
8 our health, is a rubber stamp for more pollution, delayed
9 rule-making, delayed attainment, and unnecessary human
10 suffering, disease, and death.

11 So with all due respect for Mrs. Case's long
12 career of public service, and full respect for her as an
13 individual, the Sierra Club firmly requests that you reject this
14 nominee. Thank you.

15 CHAIRMAN PERATA: Thank you.

16 Just curious, how many people are here to speak
17 in opposition? Okay.

18 I want you to have your day. I know you all came
19 up here. But we're going to run out of time.

20 I would just ask you to try not to say anything
21 that's been said before. And if you just want to say who you
22 are, you're opposed, that would be fine, too.

23 So, come on up.

24 MS. SAKLAR: Good afternoon, hi. I'm Jenny
25 Saklar. I'm a resident of Fresno.

26 I'm first here to state my opposition to Miss
27 Judy Case's confirmation to the Air Resources Board.

28 I'm also here on behalf of Kevin Hamilton, who is

1 respiratory therapist and was unable to make it to this hearing
2 today.

3 Mr. Hamilton is a member of the Medical Advocates
4 for Healthy Air.

5 CHAIRMAN PERATA: You know, if you could
6 summarize that and just give it to the Sergeant, we'll put it
7 into the record, okay? That looks like it's long.

8 MS. SAKLAR: It's a little bit of length.

9 CHAIRMAN PERATA: If he were here, it'd be
10 different. But he's not, so just tell him you did a great job,
11 and just summarize what that is, please.

12 And I won't give you up. I'll tell him you did a
13 great job.

14 MS. SAKLAR: Okay, well, Mr. Hamilton is -- he's
15 a registered respiratory therapist. And his position is that
16 Ms. Case does not have the best interests -- she's not going to
17 be able to work in the best interests of the public health. And
18 she -- there's so much in here that I wish I could just --

19 CHAIRMAN PERATA: That's all right. We'll put it
20 in the record.

21 What do you think?

22 MS. SAKLAR: I personally think that Ms. Case is
23 not set for the Air Resources Board because she's not going to
24 be able to work with -- in the interests of public health.

25 CHAIRMAN PERATA: Thank you. You can give that
26 to the handsome gentleman sneaking up behind you.

27 Next, please.

28 MS. WILLIAMS: Good afternoon, Senator Perata.

1 Nice to see you.

2 Senator Padilla, it's nice to see you again.

3 Members of the Committee, I'm Jane Williams. I'm
4 Executive Director of California Communities Against Toxics,
5 which is a statewide coalition of over 70 environmental justice
6 organizations in the state.

7 We are here today to bring the message from the
8 other environmental justice colleagues in the state that do not
9 live in the Central Valley about the importance of the decision
10 that you're making today.

11 I also Chair the Environmental Justice Committee
12 of the Air Resources Board on greenhouse gases. I co-chair that
13 with Angela Johnson Mezzaros. And as the Pro Tem is well aware,
14 and many of you on the Committee will be aware, that there's a
15 number of very important decisions, not only on greenhouse
16 gases, but also on the greenhouse gas rules that will have
17 co-pollutant benefits.

18 I could sit here before you, and I could regale
19 you of the long history of the Air Resources Board and its
20 failures to act in the previous generation on the air pollution
21 problem in California. I could sit here and talk to you about
22 the impotence, the impotence of local districts in dealing with
23 this horrible problem.

24 What I'd like to focus on is actually how Senator
25 Perata started out this hearing today, and that was talking
26 about reality. And I can't underscore enough the questioning
27 that Senator Padilla did.

28 I left my home this morning, and I left a

1 47-year-old man who is dying of lung cancer in a hospital bed in
2 his living room in the community that I live in, whose grandson,
3 who's a year old, has just been diagnosed with asthma and has
4 spent the last month in the hospital with pneumonia.

5 And the time has passed when we can confirm
6 people to the Air Resources Board without a very, very clear
7 record on clean air advocacy. It is a public health
8 catastrophe.

9 In the Assembly you have Assembly Joint
10 Resolution 40, which is asking the Senate and the Assembly to
11 ask President Bush to declare a State of Emergency in California
12 because of the bad air pollution.

13 In all of my years of clean air advocacy, which
14 is now -- surpasses 15, we've never had that happen before.
15 We've never had the Southern California Association of
16 Governments ask a sitting President to declare a State of
17 Emergency because of poor air quality.

18 My professor, who was my mentor in school, used
19 to tell me, "Jane, don't worry about politics. The people that
20 you elect will represent, whether you like it or not, the
21 political composition of interests in this state."

22 And I truly believe, Senator Perata, and Senator
23 Padilla, and other Senators that are here, that what you're
24 seeing today is a clear signal from the public in California,
25 250,000 children only in the Central Valley.

26 When you look at what is going on in Los Angeles,
27 the morbidity and mortality rate just from asthma alone -- we're
28 not talking about COPD or other respiratory illnesses -- and the

1 concomitant economic costs are staggering.

2 And it's really a long time past when we look at
3 cost effectiveness, and we don't look at the impacts, especially
4 on children's health, and the health of the families in
5 California.

6 So, it's for these reasons that we are joining
7 our colleagues in the Central Valley. We are supporting their
8 position that you do not confirm this nominee.

9 And we are also hoping that we send a very clear
10 signal to this administration. This Governor was elected on a
11 platform of giving us clean air. We now have 21 proposed fossil
12 fuel plants for California.

13 We have the dirtiest air in the world in
14 California. We have dirtier air than most Third World
15 countries.

16 And what we see is just a very continuing march
17 forward, both at the local level and at the state level on rules
18 that falling far short for protecting our kids.

19 Thank you.

20 CHAIRMAN PERATA: Thank you.

21 MS. SIMUNOVIC: Good afternoon, Senator Perata
22 and Members of the Committee. My name is Carolina Simunovic,
23 and I'm Environmental Health Director for Fresno Metro Ministry.
24 We are also members of the Central Valley Air Quality Coalition.

25 Fresno Metro Ministry works to improve air
26 quality, hunger, and nutrition in the community, improve that as
27 well, and increase access to health care.

28 Frankly, I'd much rather be here today supporting

1 a candidate from the Central Valley to this position. I know
2 more than most that we need a voice at that level that advocates
3 for the most impacted by air pollution.

4 Unfortunately my experiences with Supervisor Case
5 puts me in the position where I cannot in good conscience do so.
6 I do not believe that she will be able to represent those most
7 impacted by air pollution, and will most likely hold California
8 back from reaching air quality goals.

9 I first interacted with Supervisor Case in 2002,
10 when the local air district was taking up its first delay on
11 ozone for the one-hour ozone plan. At that time, also requested
12 an extreme designation and pushed for a delay.

13 During that, at one of those hearings in June of
14 that year, someone made a comment about there being more bad air
15 quality days in the region. Ms. Case was quick to point out
16 that there were not more bad air quality days, and had staff
17 talk to that effect. Staff cited some figures here and there.

18 It turns out that when you go back and research
19 the record, exceedances for the eight-hour ozone standard, which
20 is a more health-protective standard that reflects chronic
21 exposure to ozone, at that point was indeed on the rise. There
22 had been more, quote-unquote, "bad" air quality days.

23 This at a time when the air district was, and it
24 still is, consistently ranks at an "F" by the American Lung
25 Association for criteria pollutants, ozone, and particulate
26 matter, where, you know, we were not doing a good job. It was
27 not a time to be a cheer leader. It was time to be a leader and
28 pronounce how deep in a crisis our Valley was, not misinform the

1 public.

2 I later gained more insight in to Mrs. Case's
3 perspective on air quality when I received an op.ed. piece from
4 her office titled, "Before Choking Ag, Look at All Air Studies."
5 This was in 2003 and distributed by her office. It dismisses
6 ag's contribution to air pollution; objects to Senate Bill 700,
7 authored by Senator Florez; claims that higher asthma rates are
8 due to indoor air pollution, and cites a study by a right wing
9 free market think tank called the John Locke Institute from
10 North Carolina, citing that on days of high ozone in North
11 Carolina, they didn't see high asthma hospitalization rates. So
12 therefore, asthma and ozone must not be linked; it's all inside.
13 And advocacy groups and politicians from across the state
14 should, you know, not be lazy and biased, and report such
15 ascertations without question and without conducting any
16 independent investigations of their own. That was her core
17 belief back then. That came from her office.

18 I've had a chance see that in action when she did
19 indeed oppose SB 700 and other legislation aiming to improve air
20 quality in the Valley, when she was involved in deals with the
21 infamous regulation to water down rule after rule whenever
22 possible, and even as recently when she met with a group of
23 advocates to discuss the polemic new Valley ozone plan, and
24 again emphasized that dust mites, pet dander, indoor
25 housekeeping was more important to preventing asthma, or was
26 just as important to preventing asthma as -- as the air quality
27 outside.

28 CHAIRMAN PERATA: I'm going to have to ask you to

1 sum up, please.

2 MS. SIMUNOVIC: Sure.

3 Well, even more recently at the local level, took
4 a lead role in making sure that a dairy ordinance would not
5 include protections for air pollution or global warming.
6 Consistently places the interests of regulated industry above
7 public health.

8 In closing, there's so much authority that the
9 local air district has, that a supervisor, you can use that,
10 will be available through this position at the Air Resources
11 Board. In those positions we need leaders. We need people that
12 can think outside of the box. People that see air quality rules
13 and actions as more than just a transaction, and those that will
14 work in the best interests of environmental justice communities,
15 communities most impacted by air pollution, and those suffering
16 from asthma.

17 Thank you very much.

18 CHAIRMAN PERATA: Thank you.

19 After this speaker, I want to ask people just to
20 come up and give your name and your position, because we're
21 going to otherwise lose the quorum.

22 MS. KELLY-ORTEGA: Good afternoon, Senator Perata
23 and Members of the Committee. Good afternoon, Supervisor Case.

24 I'm here today as a member of the California Air
25 Resources Board Task Force that Supervisor Case mentioned
26 earlier.

27 CHAIRMAN PERATA: Do they let you have a name?

28 MS. KELLY-ORTEGA: Melissa Kelly-Ortega, thank

1 you very much, from Merced.

2 CHAIRMAN PERATA: A long way.

3 MS. KELLY-ORTEGA: It is, but don't let all of
4 this paperwork scare you. I think I can do it all in under four
5 minutes.

6 [Laughter.]

7 MS. KELLY-ORTEGA: So, I'm here today as a member
8 of the California Air Resources Board Task Force that Ms. Case
9 mentioned earlier.

10 I had high hopes for the task force, just as I
11 had high hopes for Supervisor Case when I first started
12 attending the Valley air public -- the public hearings with the
13 local district, because she does tend to talk a good talk, but
14 her votes consistently show that she's not a public health
15 advocate, I'm sorry to say. Her words and actions just don't
16 match.

17 And I wish I were here to support the nomination
18 of a passionate San Joaquin Valley representative to CARB,
19 someone as passionate about cleaning the air as San Mateo County
20 Supervisor Jerry Hill, who's being very patient and who has all
21 ready implemented plans and policies to clean the air in his own
22 county and in California, or someone with as much expertise and
23 innovation as Dr. Sperling, but I'm not.

24 Instead I'm here urging you to reject this
25 nomination, the nomination of Judy Case as the representative to
26 CARB.

27 And just for the record, I want to make sure that
28 the ozone plan is not the only reason people are opposed to the

1 nomination. If that were the case, community members and other
2 coalitions would not be supporting Dr. Sperling and Supervisor
3 Hill, and they are.

4 As a task force member, I was unimpressed with
5 the level of leadership Supervisor Case showed. In my opinion,
6 the task force seemed to be more of an attempt to put a feather
7 in a cap than an effort to find real solutions to the ozone
8 problem we were facing in the Valley.

9 If we back up to last April really fast, the Air
10 Board's decision to go to extreme, Judy Case's solution to an
11 extreme designation was to fund a PR campaign to the tune of
12 \$658,000 a year because she said we had a PR problem at that
13 time.

14 If that money were to go to cleaning up the air,
15 I believe that PR problem could be remedied.

16 Let's see. I can tell you that our Asthma
17 Coalition members, many of who attended the Merced community --
18 the CARB community meeting in Merced in November, were so
19 unimpressed by or skeptical of Ms. Case's performance, they
20 unanimously voted to oppose her nomination to the CARB seat at
21 our last meeting, January 15th. And many community members left
22 that meeting disheartened.

23 In fact, I had three gentlemen come up to me,
24 older gentlemen who I've never met before, and they said, "You
25 know, they're not listening to us. Nothing's going to change."

26 Is that the type of person we want representing
27 an action -- on an action-oriented board? I don't think so.

28 No one taped the meeting. No one took notes. We

1 had to have our own community members stand up and do that.

2 I don't believe the task force was taken
3 seriously, I'm sorry to say. And Jim Lentz did give us a plan.
4 Dr. Jim Lentz gave us a plan, a feasible plan, that we could
5 reach attainment by 2017.

6 We are seeing more and more people, young people,
7 suffering and even dying due to years of inaction and
8 exemptions. I have to say that three deaths from asthma attacks
9 just lately that we know of in our area: Natasha, a 29-year-old
10 pregnant woman, a mother from Merced, who left behind a six-
11 year-old and an eight-year-old. Her eight-year-old also suffers
12 from severe asthma. She just died in November.

13 A 40-year-old mother from Los Banos died from an
14 asthma attack in November.

15 And just last week, I learned of an 18-year-old
16 young man from Stanislaus County who died from an asthma attack.

17 So, hearing that, I'm glad to hear that you're
18 saying it is a problem, because it is. But now we see action.
19 We need to see action to clean up our air.

20 My four-year-old daughter, Satya, experienced her
21 first full-blown asthma attack on Christmas morning. And I
22 don't know if you've ever witnessed an asthma attack. It is
23 extremely scary. We were very scared, but we were lucky because
24 we had emergency medical -- we had the medication she needed to
25 open up her airways so she could breathe again. She was
26 frightened, crying. We're fortunate to have medication on hand.

27 We don't need any more empty words or promises
28 without action sitting on the California Air Resources Board.

1 I'm so sorry to say that Judy Case is not the one we need on the
2 Air Resources Board because talk is cheap, but it's costing our
3 families a lot.

4 As a CARB task force member, a mother, a former
5 teacher, and a concerned community member, I urge you to reject
6 the nomination of Supervisor Judy Case as the San Joaquin Valley
7 representative on CARB.

8 My family would thank you, as would the parents
9 of one-in-five children diagnosed with asthma living in the San
10 Joaquin Valley.

11 And just for the record, it's 34 percent of the
12 children in Fresno County, the county -- your county, who have
13 been diagnosed with asthma.

14 Thank you so much.

15 CHAIRMAN PERATA: Thank you.

16 I'd like your name and your registered
17 opposition. I think that we're citing the same statistics now.

18 MS. GUZMAN: Senator Perata, Martha Guzman with
19 the California Rural Legal Assistance Foundation.

20 If I could just make one small point that you
21 didn't hear because you were out of the room, but there was a
22 paradigm raised that we had to balance asthma with food on the
23 table.

24 And we represent clients that often hear that
25 argument. You can't get rid of fumigants because you're going
26 to lose your job. You can't put shade out onto the fields
27 because you're going to lose your job.

28 And we're faced with the new paradigm you

1 actually introduced this hearing with, which is we have new
2 monies, we have a new economy, let's move forward with that
3 mindset.

4 Unfortunately, Supervisor Case does not have that
5 new paradigm mindset.

6 We don't need somebody who's going to be the same
7 vote on an issue. We need a leader who's going to make motions
8 not against SB 700 and the 700 series. We need a leader who's
9 going to make motions for reducing fumigants. A leader who's
10 going to make motions for Vehicle License Fees on a local level,
11 on a regional level, and on a state level.

12 And unfortunately, we don't believe that that
13 type of leadership is within Judy Case.

14 CHAIRMAN PERATA: Thank you.

15 MS. BOLANOF: Good afternoon, Senators. Liza
16 Bolanof with the Central Valley Air Quality Coalition, also
17 representing the Steering Committee of the CVAQ Coalition, many
18 of the members who have come also in opposition here today.

19 Thank you.

20 CHAIRMAN PERATA: Excellent example.

21 [Laughter.]

22 MR. CARMICHAEL: Tim Carmichael with the
23 Coalition for Clean Air in opposition.

24 CHAIRMAN PERATA: Thank you.

25 MS. ROJAS: Buenas tardes.

26 Mi nombre es Aurelia Rojas. Estoy in oposicion.

27 CHAIRMAN PERATA: Thank you.

28 MS. HOLMES-GEN: Bonnie Holmes-Gen. I'm

1 representing the American Lung Association of California. And
2 we're joining our colleagues in the Valley in opposing the
3 confirmation of Ms. Case.

4 CHAIRMAN PERATA: Thank you.

5 MS. ANDOLINA: Tina Andolina with the Planning
6 and Conservation League in opposition.

7 MS. SIMUNOVIC: I'm Daniela Simunovic with the
8 Center on Race, Poverty, and the Environment based in Delano,
9 California. And I also enter my plea for your vote in
10 opposition.

11 I'm also here today representing City
12 Councilwoman of Arvin, Raji Brar, who could not be with us today
13 because she's at home with chronic bronchitis and taking asthma
14 medication. She has submitted her statement to your office, but
15 she's also registering her vote for your opposition.

16 Thank you.

17 MR. WHITE: Mr. Chairman and Members, John White
18 with the Clean Power Campaign in opposition.

19 CHAIRMAN PERATA: Thank you.

20 RAMON: Ramon, Associate President of MAPA,
21 Mexican American Political Association, here to oppose the
22 confirmation, to encourage your opposition to the confirmation
23 of Judy Case. And on behalf of also the National MAPA, State
24 MAPA, MAPA of Cesar Chavez, which is the Fresno Chapter.

25 Thank you.

26 MS. RAWLING: Good afternoon. Mary-Michal
27 Rawling with the Merced-Mariposa County Asthma Coalition,
28 representing over 100 local community residents in Merced area

1 of the Central Valley.

2 Two words we've heard today a lot are extension
3 and exemption. Two words we can't afford on the California Air
4 Resources Board. And we'd ask you to reconsider this
5 appointment.

6 Thank you.

7 CHAIRMAN PERATA: Thank you.

8 MS. BAUTISTA: Good afternoon, Senator Perata and
9 Members. Nidia Bautista with the Coalition for Clean Air.

10 And actually, Senator Ashburn, I'd just say that
11 Supervisor Case is perfectly delightful, so we do like her.

12 But in terms of what we need to represent the San
13 Joaquin Valley, I think we need a champion and someone who's
14 going to be very proactive.

15 And I would just say that someone, myself, who is
16 intimately involved with the Ozone Task Force process, I think
17 we really needed a leader to continue with that process, instead
18 of washing our hands of it, which is unfortunately what ARB
19 ended up doing.

20 Thank you.

21 CHAIRMAN PERATA: Thank you.

22 MS. GAETA: Good afternoon. My name is Socorro
23 Gaeta, and I'm representing Latinos United for Clean Air.

24 We oppose for this confirmation. Thank you.

25 CHAIRMAN PERATA: Thank you.

26 MR. NEWELL: My name is Brent Newell. I'm an
27 attorney at the Center on Race, Poverty and the Environment.

28 And as a Clean Air Act expert I heard a

1 statement earlier, Mr. Chairman, that the Clean Air Act required
2 an extension to 2024.

3 Quite the contrary. Section 116 of the Clean Air
4 Act says that states are free to enact stricter requirements
5 than that imposed by federal law. The Act is a floor, not a
6 ceiling.

7 We could have done far, far more to clean up the
8 air.

9 Thank you.

10 CHAIRMAN PERATA: Thank you, sir.

11 MS. EATON: My name is Charlie Eaton. I'm here
12 on behalf of the SEIU State Council, including our 650,000
13 members, and over 300,000 members who work in health care,
14 including registered nurses, LVNs, respiratory therapists,
15 interns and residents.

16 We're here to oppose the nomination. Thank you.

17 CHAIRMAN PERATA: Thank you.

18 MR. OSBORNE: I am Mark Osborne, and I'm here
19 representing my sons -- Josh Osborne who's 17, Toby Osborne who
20 is 11, and Han Osborne who is 9 -- who all have suffered
21 emergency asthma attacks, who are sports enthusiasts at playing
22 soccer, and who have been recommended by their doctor, even
23 though they use asthma medication, to give up their sport as the
24 only solution to their issue.

25 Also I'd just like to address Mr. Ashburn's
26 passionate plea for dinners on the table.

27 I am actually the cook in my family and
28 understand the cost of that. And we, on a regular basis, spend

1 upwards of about \$30. We have excellent health care coverage,
2 but that's \$30 above our health care coverage a month on the
3 drugs that we use.

4 And I wonder. I have no idea what that might
5 cost somebody that does not have insurance, and I wonder what
6 that would account for in terms of hot dinners on the table.

7 Thank you.

8 CHAIRMAN PERATA: Thank you.

9 MS. GOMEZ: Hi. My name's Aine Gomez. I'm a
10 civilian, and I'm in opposition.

11 CHAIRMAN PERATA: Thank you.

12 MR. SEGORIA: Hello. My name is Vincent Segoria
13 in opposition.

14 CHAIRMAN PERATA: Thank you. Okay.

15 Would you like to rejoin? Sum up?

16 MS. CASE: As a closing comment, certainly.

17 I first want to say that that op -- that
18 editorial piece was not written by me, so I'm not exactly sure
19 on that connection, but you heard lots of testimony.

20 I think those who come from my area that
21 testified in favor of my nomination know me, work with me,
22 understand my focus on patient care. At St. Agnes, where I am
23 an employee, it's called patients first, and I think that is
24 first and foremost.

25 I realize that we have an urgent need to move
26 forward. My actions on the ARB, of which this confirmation
27 hearing is about, have been consistent with moving that agenda
28 forward, and that is the focus at this day.

1 CHAIRMAN PERATA: Thank you.

2 MS. CASE: Thank you.

3 CHAIRMAN PERATA: Alex.

4 SENATOR PADILLA: Thank you, Mr. Chair.

5 I know we're pressed for time. I just want to
6 conclude by saying a couple of things.

7 Last year was a little bit of a tumultuous year
8 as it pertained to the ARB, and doubt being raised as to their
9 commitment to achieving federal standards.

10 The Governor repeatedly stated that California
11 needs to be more bold and aggressive in improving our air
12 quality. And while some people may say it's difficult to
13 determine where exactly the Governor is on certain issues, I
14 think he's been pretty clear on where he is when it comes to
15 improving air quality and reducing greenhouse gases.

16 When the San Joaquin Valley Board voted to delay
17 is the date of implementation, the Governor's own reaction was
18 that he assailed the decision, saying that it was not aggressive
19 enough.

20 Ms. Case, your actions and votes as it pertains
21 to weakening or delaying open burning policies, as it pertains
22 to weakening or delaying policies that apply to dairies, as they
23 pertain school buses that could have had more air quality
24 improvements in a shorter amount of time I think are
25 inconsistent with the Governor's stated goals and objectives.

26 I think your not just opposition but active
27 opposition to SB 719, again, is inconsistent with not just the
28 Legislature but the Governor.

1 So, when I take all this into account, I
2 recognize that SB 719 has provided the Governor with an
3 opportunity.

4 I don't think it makes sense to vote for
5 confirmation of somebody who has not just on single vote, but
6 has a pattern of voting in a manner that's inconsistent with the
7 Governor's agenda, and the Legislature's and the Governor's
8 stated goals and objectives. Not only is it counter intuitive
9 but counterproductive.

10 So, with the opportunity that SB 719 provides for
11 the Governor to choose from an expanded pool, as a Member of
12 this Committee I'm interested in providing the Governor exactly
13 that opportunity.

14 And the bottom line is that we don't just need a
15 representative from this part of the state, but we need a leader
16 for the most challenged air basin in America. And Mr. Chair, I
17 will not be supporting Ms. Case's confirmation.

18 CHAIRMAN PERATA: Thank you.

19 SENATOR ASHBURN: I'll make a motion to confirm.

20 CHAIRMAN PERATA: We have a motion to confirm.

21 I'd like to just make a couple of observations.

22 But first, I want to thank everybody who came
23 here today. I know you came long distances, and it's painful to
24 see how many young people here are mothers, but that says more
25 about me than everybody else, I suppose.

26 But it's very encouraging on whatever side you
27 are that you are coming up and making articulate cases for the
28 interests of your family, your communities. It's rare that we

1 see that, so I want to just acknowledge it and thank you for
2 it.

3 It's interesting. From what I've heard from and
4 what you've said, if I were in your district, I'd probably vote
5 for you as a supervisor. You have the health background. When
6 I was on the Board of Supervisors, that was the top issue. It's
7 one of the things that we all did. Roy was on a board.

8 But there is a glaring in consistency between
9 that and the record here that we've been presented with. And I
10 wasn't completely ambivalent, but I had not made up my mind.

11 But an e-mail sent to staff a little while ago
12 has given me no alternative than to turn down your nomination,
13 and to oppose it on the Floor.

14 It's regrettable, because I thought we were doing
15 just fine here by ourselves, but when an intrusion upon the
16 fairness of this Committee is brought upon us, then somebody's
17 going to have to pay for that. And unfortunately in this case,
18 it's going to be you.

19 So, I will be in opposition.

20 Call the roll.

21 CHAIRMAN PERATA: On the advice of Counsel, we'll
22 have a Do Pass to the Floor with No Recommendation, if that's
23 agreeable as a substitute motion.

24 SENATOR ASHBURN: That's not the motion I would
25 make. It's not the motion I made.

26 CHAIRMAN PERATA: Right.

27 SENATOR ASHBURN: The motion I made will not pass
28 the Committee, apparently.

1 I am curious, Mr. President, about this e-mail
2 that you received?

3 CHAIRMAN PERATA: Well, I'm not going to talk
4 about it any further.

5 SENATOR ASHBURN: Well, and I respect your
6 reluctance to reveal a private e-mail, but we have two other
7 nominees for this same board sitting before us. And my decision
8 here is directly related to the composition of that entire
9 board, because the record is absolutely care that Ms. Case's
10 votes are identical to those of the two gentlemen who are here
11 and of Mary Nichols.

12 So, I mean, I do need to know something about
13 what you received.

14 CHAIRMAN PERATA: I'll tell you this, that I was
15 on the path of voting No, but I've been given no alternative
16 other than to vote No. I have no other position to take in
17 light of what was communicated to me.

18 And so, I am voting No so there's no ambiguity at
19 all about what I've done on this.

20 It has nothing to do with the other two
21 gentlemen, or anything pro or con that's been said here.

22 SENATOR ASHBURN: I've made a motion to pass on
23 confirmation, to recommend approval on the Floor. That's my
24 motion.

25 CHAIRMAN PERATA: Okay. Call the roll.

26 SECRETARY WEBB: Dutton.

27 SENATOR DUTTON: Aye.

28 SECRETARY WEBB: Dutton Aye. Padilla.

1 SENATOR PADILLA: No.

2 SECRETARY WEBB: Padilla No. Ashburn.

3 SENATOR ASHBURN: Aye.

4 SECRETARY WEBB: Ashburn Aye. Perata.

5 CHAIRMAN PERATA: No.

6 SECRETARY WEBB: Perata No. Two to two.

7 CHAIRMAN PERATA: It's two-two, and Senator
8 Cedillo will be down when Health Committee is finished.

9 Thank you, and thank you all for being here
10 today.

11 We'll take a five-minute break.

12 [Thereupon a brief recess was taken.]

13 CHAIRMAN PERATA: We're back, and we have now
14 Jerry.

15 And Senator, you're here to introduce Mr. Hill.

16 SENATOR YEE: That's correct.

17 Mr. President and Members of the Rules Committee,
18 I'm glad that I'm not coming up for confirmation.

19 [Laughter.]

20 SENATOR ASHBURN: Boy, I'd love to see that.

21 CHAIRMAN PERATA: Good observation.

22 SENATOR YEE: I'm sure you would, Senator
23 Ashburn.

24 It's really my distinct pleasure to introduce
25 this fine gentleman here, Supervisor Jerry Hill. Jerry is one
26 of our stars in the Bay Area.

27 He and I served together on the Bay Area Air
28 Quality Board. I was a new member of that particular board.

1 And what amazed me was the command and understanding and
2 sensitivity that Mr. Hill had relative to air quality issues,
3 not only in the Bay Area, but also in the Central Valley and in
4 our adjoining area.

5 The Bay Area Air Quality Board took the lead in
6 dealing with a lot of the fixed sites and mobile source of
7 pollution. And he, of all individuals, had that understanding
8 and sensitivity that air quality is not about simply the Bay
9 Area. It is also about the movement of that pollution, movement
10 of that air, carrying it into some of our neighboring areas.
11 And he demonstrated that sensitivity. He had a tremendous
12 command of the issue and much respect among the colleagues on
13 that air quality board.

14 I'm sure his work on the California Air Resources
15 Board is tremendous, but I wanted to just share that particular
16 background with you and urge your consideration of this
17 particular candidate.

18 CHAIRMAN PERATA: Thank you.

19 Welcome.

20 MR. HILL: Thank you. I think I should probably
21 change seats.

22 CHAIRMAN PERATA: Senator Yee, neither Jerry nor
23 the Committee will be offended if you leave.

24 MR. HILL: President Perata and Senators, it's an
25 honor for me to be here this afternoon to discuss my
26 confirmation to the Air Resources Board.

27 This is a very crucial and exciting time to be a
28 member of the ARB, and I'm looking forward to the opportunity to

1 continue to work towards addressing the issues of climate change
2 and improving the quality of air for all Californians.

3 Breathing bad air can be a haunting experience
4 that no Californian should have to endure. I can tell you
5 first-hand from my experience playing high school football in
6 San Francisco during the mid-1960s that it is a terrible memory.

7 It was during those few, and I mean very few,
8 very hot days of late summer that you could -- on the football
9 field, you could not run 20 yards without having to stop, gasp
10 for air, bend over, choking and coughing. The ozone layer so
11 low, the smog so thick, and the pollution so heavy you could
12 almost cut it with a knife.

13 Thankfully, the Bay Area Air Quality Management
14 District had been formed 10 years previously and had started to
15 clean the air with some good regulations. And it's a privilege
16 for me today to be the Chairman of that same air district.

17 Sadly enough, there are children growing up in
18 parts of Southern California and the San Joaquin Valley who are
19 today experiencing some of those same unhealthy air conditions.
20 I am committed to do my part, just as those who came before me,
21 to make that air those children breathe clean and safe.

22 However, we no longer have a long window to make
23 needed changes. It takes time for the bounty of today's
24 decisions to become the clean air reality hoped for tomorrow.
25 For that reason, I believe that we need decisive, well-informed,
26 balanced leadership ready to act on implementing this state's
27 commendable vision of clean air for all.

28 Now, after my very limited football career, I

1 went to UC Berkeley, where I received a bachelor's in history,
2 and to San Francisco State University for a secondary education
3 teaching credential.

4 I am a business owner, and have served as a
5 Council Member and Mayor of the City of San Mateo, and now sit
6 on the San Mateo County Board of Supervisors.

7 I am a strong environmentalist, committed to
8 improving our lives today and the lives of generations we'll
9 never know.

10 I feel that my education, business and public
11 service experience have positioned me well to understand and
12 address the difficult issues the ARB will be dealing with in the
13 future.

14 And there is no more important or urgent issue
15 than the implementation of AB 32. The process of implementation
16 has begun, and with the completion of the scoping plan this
17 year, we will be well on our way of setting the course to meet
18 the goals outlined in the law. Aggressive implementation and
19 reduction of greenhouse gases at the earliest stage will not
20 only achieve the goals required of AB 32 by slowing global
21 warming, but can bring us more quickly to much cleaner and less
22 polluted air.

23 The ARB now also has a golden opportunity to work
24 with local governments to assist in the formulation of land use
25 policies designed to maximize health benefits. Many of the
26 environmental justice issues we encounter throughout the state
27 could have been avoided with better planning.

28 This Legislature and Governor have taken the lead

1 in combatting global warming and are committed to achieving
2 clean air for all in California as soon as possible.

3 You have my commitment to be an independent board
4 member who will work towards those very same goals.

5 Thank you, and I look forward to your questions.

6 CHAIRMAN PERATA: Your description about being on
7 the football field sounded like me before I quit smoking. I
8 could have never made it 20 yards.

9 Thank you. I'm very mindful of your work. I
10 used to sit on that board. Is Hal Brown still there?

11 MR. HILL: Hal Brown is still sitting there. He
12 still leaves early, too.

13 CHAIRMAN PERATA: Still alive.

14 MR. HILL: Still alive, still smoking.

15 CHAIRMAN PERATA: Well, then, he won't be there
16 long. I said that 20 years ago.

17 I have a question. There has been a lot of
18 discussion about what the Ports of Long Beach and LA are doing
19 or not doing on pollution reduction. San Francisco is really a
20 moot point now, but Oakland is still active.

21 What's the air board's position on that? Are you
22 going to be processing 1B money?

23 MR. HILL: The 1B money will be processed at our
24 next meeting in February, actually.

25 The ports, we certainly take an aggressive
26 approach all ready with the hoteling of ships that come into
27 port, and the electrification requirement so that they're not
28 sitting there, running those -- those auxiliary engines to power

1 those ships as they're sitting there. That's the first thing we
2 did.

3 And then the drayage truck issue, where last
4 month -- I believe it was last month -- we made the decision to
5 really create a healthier and less polluting truck fleet that
6 will serve the ports.

7 CHAIRMAN PERATA: How are you going to do that?

8 MR. HILL: Well by the changing out of the
9 engines, replacement of the trucks.

10 The sad part is that there have been really no
11 restrictions on many of these diesel trucks at all
12 historically. And some of the trucks go back to the '70s and
13 the 1980s. The requirement will require trucks no older than
14 1994, and that will be in a couple of years.

15 But I think more importantly where we will be
16 able to solve this problem is with the 1B funds. And if you
17 look at the Port of Los Angeles, my understanding is that
18 they're contributing hundreds of millions of dollars to help
19 with the -- the change-out of much of the equipment.

20 CHAIRMAN PERATA: Well, here's my concern.
21 There's been a debate going on. You know, for some reason
22 LA-Long Beach seem to be in love with buying new trucks.

23 I mean, when you know what a gypsy driver's
24 making, it's kind of mind-boggling.

25 You can walk down from the Port of Oakland to San
26 Leandro, and a device is made, manufactured in California, that
27 retrofits for \$13-1/2 thousand dollars a truck to zero
28 particulate matter and zero emissions.

1 So, people are going back and forth with that.

2 The plea I want to make, Jerry, is this: Get it
3 out the door, and let's get it done.

4 Buying new trucks is, to me, wrong-headed because
5 people are dying everyday, and we're heard it and you've said
6 it. So, it's very, very painful, and you probably heard my
7 opening.

8 We work hard. We finally agreed on something.
9 People out there supported it, and then you go around and they
10 say: We're not doing it.

11 So, I would just really look at that.

12 MR. HILL: Mr. President, that's the Clear Air
13 technology, I believe you're talking about?

14 CHAIRMAN PERATA: Yes.

15 MR. HILL: That certainly is --

16 CHAIRMAN PERATA: It's part of what you're doing?

17 MR. HILL: Part of what we're doing, and we
18 certainly did that with the off-road diesel equipment.

19 CHAIRMAN PERATA: Yes.

20 MR. HILL: And that was an option, especially for
21 the particulate converters and installations.

22 CHAIRMAN PERATA: I mean, there are other retro
23 devices being sold. But it's so ironic that we talk about all
24 this stuff, we have industries in California. We could create
25 jobs and recycle all that stuff -- no pun intended.

26 Maybe what you'll do, we can show the other ports
27 how to do it.

28 Do you think that we're getting short-changed in

1 the Bay Area on more air money.

2 MR. HILL: Well, I think that's been a concern
3 certainly that there has been an issue related to that.

4 I don't think we're getting short-changed as much
5 as -- and I think we will balance that with the 1B funding that
6 we'll be getting, because that's the formula used, at least that
7 I've seen. We haven't adopted it yet, but the formula will
8 balance that a little bit, to I think give us the funds
9 necessary for the port and for the replacement of the equipment
10 there.

11 CHAIRMAN PERATA: That was certainly the
12 intention, was to be able make up the gap at least partially.
13 We're not going to make it all up. But when I found out how
14 many tractor trailers they're running in and out of the ports, I
15 was shocked. And a lot of them are coming in from wherever.

16 But I do know that in the areas adjoining the
17 port, the neighborhoods there, as well as some of the maps that
18 you see with all red down along the coastal cities around the
19 Ports of Long Beach, and San Diego, or LA, it's staggering, and
20 it blows over to the Inland Empire, too.

21 MR. HILL: And I think, Mr. President, the health
22 risk assessment for the Port of Oakland will be released in the
23 next month or so. And from my understanding, it has some
24 significant health risks that are attributed to that,
25 significant.

26 CHAIRMAN PERATA: I'm sure it will.

27 Any questions from other Members?

28 SENATOR DUTTON: Maybe just a couple.

1 What do you use to make a determination? We can
2 regulate, and then we can regulate. There is a point that you
3 sometimes can over-regulate.

4 And by the way, just for the record, I did have
5 asthma as a child, and had an attack when I was twelve years
6 old, taken to the hospital. So, I do know what it feels like,
7 and I still remember it today. So yes, I do take asthma
8 extremely serious.

9 But having said that, too, there's a lot of
10 things that we can make rules on, but it does have to be a
11 certain balance there to make sure that the rules we're making
12 are attainable at some point.

13 So, what I'm curious about, what do you use as a
14 way to determine what kind of an effect this is going to have on
15 the community, California, the business climate, and so forth?
16 Is there something balancing, or is it --

17 MR. HILL: No, Senator. I actually certainly use
18 my experience level, but more importantly it's a business sense
19 that I have. I own a business and operate a business.

20 And the analysis that's done and the staff does
21 on -- prior to a decision, with a cost analysis of how much this
22 rule will cost either individually or in terms as an aggregate,
23 and those are the issues that I look at.

24 In some cases, as I mentioned earlier when we met
25 previously at your office, especially with some of these diesel
26 rules, because the equipment is so old, and because it's the
27 first time that that equipment has been regulated, it's
28 necessary to take some, I think, some stronger action, because

1 we have to remove that particulate, that strong particulate, as
2 soon as possible.

3 I think in the future we can certainly take it
4 and taper it a little bit, but initially we had to take, I
5 think, some aggressive steps in that.

6 But the balance is certainly cost analysis, the
7 effect it will have on the individuals that will have to be
8 funding that, are there other sources of incomes or of revenue.
9 Naturally with the Prop. 1B funds and the Carl Moyer funds that
10 can be used to supplement the cost of making the changes for
11 some of these rules goes into it. And then naturally and most
12 importantly is the health risk involved, and what we will be
13 able to accomplish with those rules when we adopt them.

14 SENATOR DUTTON: I'm curious, there was a lot of
15 discussion with regards to the last appointee regarding her vote
16 to extend the deadline to meet the clean air standards for the
17 Central Valley.

18 What was your vote on that issue?

19 MR. HILL: My vote, and prior to that vote,
20 actually, I wanted to -- and then I will certainly how I voted
21 -- I wanted to make sure that as we moved forward in the
22 short-term that there would be opportunities. Those rules can
23 be -- and when you adopt the SIP, it's my understanding that it
24 can be amended every six months. You can make changes to that
25 and change that time when it would roll out or when you would
26 gain attainment.

27 So knowing that the process that was going to be
28 established to work with the task force with the local community

1 to develop as we did additional strategies that will bring us to
2 a 90 percent attainment by 2017, I voted as I felt was the only
3 legally defensible vote that I could take, which was to vote to
4 extend or to create -- to designate it as an extreme designation
5 for the San Joaquin district.

6 SENATOR DUTTON: So, you made that determination
7 based on advice from somebody that said it was a legal issue or
8 a legal question?

9 MR. HILL: My understanding of the SIP and the
10 requirements of the Clean Air Act, as well as there was legal
11 interpretation at the time from the ARB staff.

12 SENATOR DUTTON: The Air Resources Board, do you
13 have legal counsel available?

14 MR. HILL: Yes, we do.

15 SENATOR DUTTON: And that was their opinion? Is
16 that what I'm taking from what you're saying?

17 MR. HILL: That was their opinion, Senator.

18 SENATOR DUTTON: Just curious.

19 All right. I think that's all I have.

20 Thank you.

21 CHAIRMAN PERATA: Anyone in the audience want to
22 come up and say yes, briefly?

23 MR. MAGAVERN: Mr. Chairman and Members, Bill
24 Magavern with Sierra Club, California, in support of the
25 confirmation of Supervisor Hill.

26 I could go on at great lengths singing the
27 praises of Supervisor Hill, but given that it's already been a
28 long afternoon, I will just give you one highlight, which was

1 that in June, at a very difficult meeting, Supervisor Hill was
2 one of only three board members to vote to expand the list of
3 early action measures to reduce global warming pollution
4 required by AB 32. And he was on the losing end of that vote,
5 but by October, his position had prevailed, his colleagues had
6 come around, and the list was expanded from three to nine.

7 So, we do see him as being on the cutting edge
8 when it comes to reducing global warming and protecting public
9 health, and urge you to confirm him.

10 CHAIRMAN PERATA: Thank you.

11 MR. CARMICHAEL: Members of the Committee, Tim
12 Carmichael, with the Coalition for Clean Air, in strong support
13 of Supervisor Hill.

14 First at the local level as a county supervisor,
15 he's championed clean vehicles for the county. He's championed
16 clean energy for the county, and he's championed green building
17 standards for the county.

18 There are very few supervisors in the state that
19 have been a leader on all three fronts.

20 He mentioned already his work with the Bay Area
21 Air Quality Management District. I'm not aware of a single
22 advocate that has concerns about the way he has voted at the Bay
23 Area Air Quality Management District.

24 To add to Mr. Magavern's point about Supervisor
25 Hill's performance on the Air Resources Board, not only is he
26 willing to vote for his perspective, knowing he's going to be in
27 the minority on a vote, there are days, Air Board meeting days,
28 when I wouldn't want to be in that front row of the staff when

1 Supervisor Hill comes up to ask questions of the staff about the
2 items before them. He already has a reputation for asking some
3 of the toughest questions of any board member of the staff, not
4 just to clarify issues, but to push the staff and really vet out
5 whether the states is doing all it can do.

6 For all those reasons we strongly support the
7 confirmation.

8 CHAIRMAN PERATA: Thank you.

9 MS. HOLMES-GEN: Chairman Perata and Members,
10 Bonnie Holmes-Gen, American Lung Association of California.

11 Very pleased to be here supporting Supervisor
12 Hill because he has demonstrated his strong commitment in
13 protecting public health and the environment, both at the local
14 level -- and you've heard some examples -- and in his
15 experience to date on the ARB Board.

16 And we are pleased, as my colleagues have
17 mentioned, that Supervisor Hill has not only been a strong vote,
18 but has advocated to strengthen regulations and been a leader in
19 leading the charge on the board to actually strengthen the
20 regulations and ensure that we're getting regulations with the
21 highest level of public health protection, and the most
22 aggressive and cutting-edge regulations.

23 Supervisor Hill has also been very accessible as
24 a member of the board. He's also encouraged other board members
25 and staff to be very responsive to the concerns that are raised
26 by the public at board hearings.

27 So, we're very pleased to support him, urge your
28 Aye vote.

1 CHAIRMAN PERATA: Thank you.

2 MR. TENG: Good afternoon or good evening. My
3 name's Frank. I'm with the -- Frank Teng with the Silicon
4 Valley Leadership Group, Senior Associate there.

5 Chairman Perata and Members, thank you for having
6 me.

7 I just wanted to say briefly that on behalf of
8 our 250 members that employ over a quarter of the private sector
9 workforce in Silicon Valley, we strongly commend Supervisor Hill
10 to you for his extensive public service in his community, his
11 business experience, and his statesmanship, which lead us to
12 believe that he will definitely serve California with
13 distinction in this role.

14 Thank you.

15 CHAIRMAN PERATA: Thank you.

16 Opposition?

17 Pleasure of the Committee?

18 Any family here?

19 MR. HILL: No.

20 SENATOR ASHBURN: I'd like to make a statement at
21 this point.

22 One of the things I really can't abide is
23 hypocrisy. And I just watched this Committee turn down a truly
24 outstanding individual.

25 And it was pointed out during the course of the
26 testimony in that hearing repeatedly that the vote of Judy Case
27 was identical to the vote of the gentleman who's before us with
28 respect to the biggest issue that was raised, and was the issue

1 which was forefront in Dr. Sawyer's departure with respect to
2 the dates for the attainment and the adoption of the plan for
3 the San Joaquin Valley, irrespective of the fact that few days
4 later, the South Coast District did the very same thing and
5 nobody seems to care.

6 So, I have the highest respect for you. I've
7 enjoyed our conversations, but I cannot vote for you.

8 CHAIRMAN PERATA: Yes, Alex.

9 SENATOR PADILLA: I just feel compelled to want
10 to articulate the following.

11 The previous hearing was one, and I do feel
12 comfortable in voting for your confirmation, not because we're
13 judging you or the previous appointee on any single vote, but in
14 my mind on a track record, on a history, on a pattern.

15 Your experience in the Bay Area is different than
16 the previous appointee in the San Joaquin Valley. So that for
17 me is significant and substantive enough of a different track
18 record and history where you ought not to be judged just by a
19 single action.

20 As disappointed as I personally am with that one
21 specific vote at the state ARB, but looking at your record in
22 its entirety, I feel comfortable in your abilities, your service
23 thus far, and your service to come.

24 CHAIRMAN PERATA: Thank you.

25 Anything future? We have a motion to approve by
26 Senator Padilla. Call the roll, please.

27 SECRETARY WEBB: Dutton.

28 SENATOR DUTTON: No.

1 SECRETARY WEBB: Dutton No. Padilla.

2 SENATOR PADILLA: Aye.

3 SECRETARY WEBB: Padilla Aye. Ashburn.

4 SENATOR ASHBURN: No.

5 SECRETARY WEBB: Ashburn No. Perata.

6 CHAIRMAN PERATA: Aye.

7 SECRETARY WEBB: Perata Aye. Two to two.

8 CHAIRMAN PERATA: Senator Cedillo will be back
9 soon.

10 Thank you.

11 MR. HILL: Thank you.

12 CHAIRMAN PERATA: Dr. Sperling, do you want to
13 come up? Take as long as you'd like.

14 Welcome.

15 DR. SPERLING: Thank you. I understand exactly
16 what you're communicating to me.

17 I am honored to serve the state as a member of
18 the Air Resources Board for past year.

19 I believe my experience, my background, will
20 serve the board and me well. So let me very briefly, and I will
21 truly be very brief, give you a thumb-nail sketch about myself,
22 and then just talk a little bit about what I hope to accomplish
23 if confirmed for the board.

24 I have been a professor at UC Davis for 25 years,
25 but let me assure you, I've not been cloistered in an ivory
26 tower. I spent the first 18 years of my life on my family's
27 chicken farm in upstate New York. It wasn't the life for me,
28 but I do admire those who pursue farming.

1 I then studied engineering and planning at
2 Cornell University, followed by two years in the Peace Corps in
3 Honduras as an urban planner, and then another two years in the
4 San Francisco office of the US Environmental Protection
5 Agency. I went to grad school at UC Berkeley. I studied
6 transportation and energy, and since then I have been a
7 professor at UC Davis.

8 I founded the Institute of Transportation Studies
9 at UC Davis in 1991, and have led it ever since. It's now
10 recognized as the leading university center in the country,
11 maybe even in the world, for the study of energy and
12 environmental aspects of transportation. We now have over 100
13 graduate students studying at the Institute, and many of those
14 graduates now work in state government here, including many are
15 now joining the Air Resources Board, and working for many
16 California companies and businesses as well.

17 During all my years in academia, I have made a
18 very strong effort to work with all of those interested in
19 environmental aspects of transportation. And I'm proud that I
20 have been supported for this position by both the environmental
21 community as well as the primary industry groups interested in
22 transportation.

23 As I look forward to my possible role in serving
24 the state on the Air Board, I note that the principal focus of
25 ARB has been and will continue to be criteria pollutants. But
26 where I can help most, and where I intend -- where I would
27 intend to focus my time and efforts is the implementation of AB
28 32.

1 I have two goals I would like to pursue at ARB.
2 The first is to play a leadership role in crafting an effective
3 and a fair plan for achieving the goals of AB 32. I would focus
4 on the transportation and the urban sectors, areas that I know
5 best, but also on overall strategies and policies in other
6 sectors as circumstances arise.

7 I hope to bring an increased focus on innovation,
8 both in terms of inspiring the commercialization of more
9 efficient and low polluting technology, but also in terms of
10 creating more efficient and effective institutional practices
11 and arrangements for pursuing AB 32.

12 And second, I would like to strengthen the ties
13 between the research community and ARB. I would focus on
14 leveraging the huge research capabilities in California's
15 universities and national labs to assist ARB and other agencies.

16 California, and all of human civilization, is
17 entering uncharted territory in addressing climate change. And
18 the more science, and the more creative thinking we can bring to
19 the policy process, the better off we'll be.

20 I will help connect university researchers with
21 relevant government managers in building the state's research
22 capabilities, in helping design the policies and rules, and in
23 developing the measurement and compliance tools that are needed
24 do implement these many rules and policies and programs that we
25 are contemplating.

26 I look forward to these challenges, and I hope to
27 serve the state to the best of my ability.

28 Thank you.

1 CHAIRMAN PERATA: Thank you.

2 Members, any questions?

3 You've got an outstanding resume. You're a
4 fellow award winner, so you can't be all bad.

5 I just can't believe you gave up that chicken
6 farm, and then you went to Davis?

7 [Laughter.]

8 CHAIRMAN PERATA: You lived in Berkeley, I know.

9 Anyone here to speak in favor of the nominee?

10 MR. WHITE: Mr. Chairman and Members, John
11 White, with the Clean Power Campaign.

12 I've known Dan for more than 20 years, and we're
13 very fortunate to have his technical scientific background to
14 join the Air Resources Board. He's been involved in both the
15 practical and the analytic research function.

16 He's been accessible. We don't always agree, but
17 we always can talk. And we think he's an important
18 strengthening of the board's capacity, and we think he'll be an
19 excellent board member.

20 We ask for your support.

21 CHAIRMAN PERATA: Thank you.

22 MR. MAGAVERN: Bill Magavern with Sierra Club,
23 California, in support of the confirmation of Dr. Sperling, who
24 also was one of the three board members who voted to expand the
25 list of early action measures.

26 And he's a nationally renowned expert in
27 transportation and brings to the Air Board the kind of expertise
28 it needs as it grapples with the twin challenges of protecting

1 our air quality and bringing down global warming emissions.

2 CHAIRMAN PERATA: Thank you.

3 MR. CARMICHAEL: Good evening. Tim Carmichael
4 again with the Coalition for Clean Air.

5 Our board and staff have had the opportunity to
6 work with Dr. Sperling for more than a decade now. He's
7 internationally recognized for his work.

8 The institute that he helped create and now runs
9 is probably the best in the world. And if you look to the
10 future of clean vehicle technologies, and everywhere that we're
11 holding hope and promise for the future of cleaner
12 transportation, his institute's a leader in that area.

13 He's been appointed to be the automotive
14 engineering expert on the Air Board, and we really couldn't
15 think of a better person for that slot on the Air Board.

16 He also is a tough questioner of staff, though
17 always very respectfully. And not to draw too big a distinction
18 with Supervisor Hill on that point --

19 [Laughter.]

20 MR. CARMICHAEL: -- but he's been a great
21 champion for clear air and the advancement of clean
22 technologies, and that's what we need right now. Strong
23 support.

24 CHAIRMAN PERATA: Thank you.

25 MS. HOLMES-GEN: Bonnie Holmes-Gen with the
26 American Lung Association of California.

27 We're also pleased to be here in support of Dr.
28 Sperling and urge his confirmation. We have a great deal of

1 respect for Dr. Sperling and believe that he does have the best
2 interests of public health and air quality in mind. He's
3 demonstrated that so far in his tenure on the board.

4 And we, of course, are pleased with his
5 leadership in the international arena on transportation policy,
6 and we believe that his background and expertise will contribute
7 to maintaining the strong reputation of the board as a leader
8 and cutting-edge scientific authority on air pollution control
9 and greenhouse gas pollution control.

10 And we urge you to approve his confirmation.

11 CHAIRMAN PERATA: Thank you.

12 MR. TENG: Good evening. Frank Teng again with
13 the Silicon Valley Leadership Group.

14 We also commend Dr. Sperling to you. It's been a
15 pleasure to work with him and his team at UC Davis on plug-in
16 hybrid initiative we are running in Silicon Valley.

17 He is just the type of expert we need on the
18 board, so thank you.

19 CHAIRMAN PERATA: Thank you.

20 Any opposition?

21 Family?

22 DR. SPERLING: No.

23 Let me just say that Assemblywoman Lois Wolk was
24 here at 1:30 for about a half an hour. In the end, she had to
25 go to a funeral and couldn't stay.

26 CHAIRMAN PERATA: Duly noted.

27 SENATOR PADILLA: I move approval.

28 CHAIRMAN PERATA: We have a motion to approve.

1 Call the roll, please.

2 SECRETARY WEBB: Dutton.

3 SENATOR DUTTON: I'm not voting.

4 SECRETARY WEBB: Dutton not voting. Padilla.

5 SENATOR PADILLA: Aye.

6 SECRETARY WEBB: Padilla Aye. Ashburn.

7 SENATOR ASHBURN: No.

8 SECRETARY WEBB: Ashburn No. Perata.

9 CHAIRMAN PERATA: Aye.

10 SECRETARY WEBB: Perata Aye. Two to two.

11 CHAIRMAN PERATA: Senator Cedillo is on his way
12 down.

13 Thank you.

14 DR. SPERLING: Thank you.

15 [Thereupon the Rules Committee

16 acted on other agenda items.]

17 CHAIRMAN PERATA: On the item of Ms. Case, Alex
18 will make a motion.

19 SENATOR PADILLA: Just on the issue of Ms. Case,
20 Mr. Ashburn had a motion. I will now make a substitute motion,
21 which is to forward Ms. Case to the Senate Floor with the
22 recommendation from the this Committee for No Confirmation, Not
23 to Confirm.

24 CHAIRMAN PERATA: Call the roll.

25 SECRETARY WEBB: Cedillo.

26 SENATOR CEDILLO: Aye.

27 SECRETARY WEBB: Cedillo Aye. Dutton.

28 SENATOR DUTTON: Aye.

1 CHAIRMAN PERATA: He means No.

2 SENATOR DUTTON: No.

3 SECRETARY WEBB: Dutton No. Padilla.

4 SENATOR PADILLA: Aye.

5 SECRETARY WEBB: Padilla Aye. Ashburn.

6 SENATOR ASHBURN: No.

7 SECRETARY WEBB: Ashburn No. Perata.

8 CHAIRMAN PERATA: Aye.

9 SECRETARY WEBB: Perata Aye. Three to two.

10 CHAIRMAN PERATA: Three-two.

11 On the roll call for Jerry Hill, call the
12 absentees.

13 SECRETARY WEBB: Cedillo.

14 SENATOR CEDILLO: Aye.

15 SECRETARY WEBB: Cedillo Aye. Three to two.

16 CHAIRMAN PERATA: Three to two, Mr. Hill is out.
17 And Dr. Sperling.

18 SECRETARY WEBB: Cedillo.

19 SENATOR CEDILLO: Aye.

20 SECRETARY WEBB: Cedillo Aye. Three to one.

21 SENATOR DUTTON: I change my Not Voting to No.

22 CHAIRMAN PERATA: Three to two, Dr. Sperling is
23 out and to the Floor.

24 Now, please call the absentees on the three
25 appointees to CAISO.

26 SECRETARY WEBB: Cedillo.

27 SENATOR CEDILLO: Aye.

28 SECRETARY WEBB: Cedillo Aye. The final vote is

1 five to zero.

2 CHAIRMAN PERATA: Five to zero, and that does it
3 for the appointments.

4 [Thereupon this portion of the
5 Senate Rules Committee hearing
6 was terminated at approximately
7 5:25 P.M.]

8
9 --ooOoo--

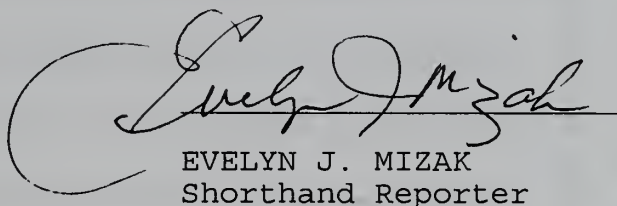
CERTIFICATE OF SHORTHAND REPORTER

I, EVELYN J. MIZAK, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing transcript of the Senate Rules Committee hearing was reported verbatim in shorthand by me, Evelyn J. Mizak, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of January, 2008.


EVELYN J. MIZAK
Shorthand Reporter

APPENDIX

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Good afternoon Mr. Chairman, Members of the committee. My apologies for not being here in person but life in an active community health center environment often forces the clinician to choose between patient services and politics and for me, patients are always first.

As a registered respiratory therapist practicing my craft in Fresno since 1986 I have been engaged in work attempting to determine why adults and children in the SJV seem to suffer not only higher rates of asthma and other chronic lung diseases, but seemed even sicker than people with the same disease in other places I practiced before coming to the Valley. My studies led me from examining seasonal changes in Fresno's Veteran population, to studying indoor air pollution health effects in poor homes and household in rural and urban Fresno, to finally and currently studying the affects and prevelance of asthma in overlapping cohorts of Fresno and Visalia Unified's 7th and 9th graders. In many of these efforts we had funding to remediate the indoor environment and alter behavior for those seeking to protect themselves from seasonal wear and tear. In all cases we were left with one conclusion, one factor we could not remediate, one danger we could not help families protect themselves and their children from-outdoor air pollution.

My concerns with Judy Case and the present selection process are simple and two fold. First, Throughout all those years of study and work when presenting these results to Ms Case in hopes she would for once make a decision that supported health protection over economic interest-it never happened. From crafting back room deals on the infamous Reg VIII to watering down rule after rule whenever possible, to making specious comments regarding 8-hour ozone timelines, she has put her personal medical knowledge above that of expert after expert in the field, minimizing the information's impact with trivializing rejoinders like "we are all aware of the health effects, but we must secure and protect economic interest," This is her mantra. Economic health before the health of families and children, before the health of the elderly and frail. Especially for agriculture, which as anyone can see, is headed straight for the poor house! If Ms Case wishes to use her health care professional credentials then she has been a poor champion indeed. Patients first! First do no harm! Clinicians live by this every day. Step back from that even for a moment and your professional integrity is immediately impugned.

Second, why chose her and why now. We have on the horizon several more members to be appointed. Some from small cities

whose local feel for on the ground conditions has not yet been muddied by the large concerns that seem to only allow County Supervisors to see the so-called big picture and so lose focus on the everyday trials of women and men all across the valley. We also expect to see a physician and air pollution scientist. One thing that the ARB needs is more technical and medical expertise. Politicians they have in spades. Ms. Case who I'm sure is a qualified nurse, has never run or been involved in an air pollution research project or operated a clinical practice focused at respiratory diseases, in fact the majority of her experience for the last years has been administrative in nature, valuable for turning clinicians into politicians but not so good at keeping that one thing that separates the health care providers from everyone else- patients-first and always-end of story.

With that I must respectfully oppose Ms. Case's nomination to this board and suggest we hold the nominations until the new board members can be appointed in March.

Thank you for your time.

Kevin Hamilton

The first of these is the fact that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The second is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The third is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The fourth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The fifth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The sixth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The seventh is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The eighth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The ninth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable. The tenth is that the system is not a simple one. It is a complex system, and the behavior of the system is not predictable.

**Responses of Linda Capuano
To
Questions Posed by the Senate Rules Committee**

Question 1:

What do you believe to be the core mission of CAISO?

The core mission of CAISO is best described in state statute which instructs CAISO to manage the transmission grid and related energy markets to ensure reliability of electric service and the health and safety of the public. It also sets the expectation that CAISO will conduct its operations within the bounds of state and federal laws and with consideration of the interests of the people of the state of California.

I believe the mission statement adopted by CAISO is consistent with this broad charge and support CAISO in fulfilling its obligation to operate the grid reliability and efficiently, provide fair and open transmission access, and facilitate effective markets and promote infrastructure development for the benefit of California customers.

What role should CAISO have in overseeing and facilitating changes to the electricity market?

During strategy and goal development discussions with CAISO management, the Board of Governors emphasized CAISO's responsibility to provide leadership and to inform investment and regulatory decisions. The result was the CAISO Five-Year Strategic Plan which was approved by the Board of Governors in April 2007. This plan is the basis for setting organizational objectives and defining roles and responsibilities for CAISO and its leadership.

For example, the plan sets aligning ISO activities with state and federal policies as a key objective. This role includes complying with requirements for open, non-discriminatory access to the transmission system, integrating renewable resources to comply with the State renewable portfolio standard, developing mechanisms to integrate demand response into ISO operations, providing transparent market information to inform investment decisions, and accommodating long-term transmission rights in order to align with supply contracts or ownership. These and other key initiatives represent how CAISO attempts to align its efforts with State policy objectives and bring its knowledge and expertise to bear in implementing these policies.

What happens when there is a conflict with the goal of ensuring grid reliability?

Grid reliability is a clear priority and must not be compromised. However, in the competition for limited resources, I would expect CAISO management to elevate for Board of Governors' consideration situations where grid reliability matters draw on resources that would be assigned to other state or federal policy objectives. In such cases, the Board of Governors and CAISO would collaborate with state and federal policymakers to determine how to respond.

Senate Rules Committee

Question 2:

How would you describe the role of the governing board in regard to setting CAISO policy? How would you describe the role of the staff in regard to setting CAISO policy?

California state law describes the structure of the CAISO Board of Governors and its responsibilities as a nonprofit, public benefit organization. Consistent with those statutes, the Board of Governors is responsible for the activities and affairs of CAISO. The Board carries out those responsibilities through the Five-year Business Plan, annual performance metrics, and decisions on tariff changes, needed transmission infrastructure, and other policy matters.

CAISO management supports the Board in this responsibility, and the Board delegates management of corporate activities to CAISO executive management staff without relinquishing responsibility for the activities and affairs of CAISO.

Question 3:

What impacts will MRTU have on energy costs to consumers?

Meeting MRTU's goals to improve reliability, provide more accurate price signals, enhance market monitoring, and inform infrastructure investment in California, provides the foundation for a sound electricity market. The improved efficiencies gained in markets, grid operations, and the new investment in California electricity infrastructure will ultimately result in lower wholesale costs to the consumer over the long term.

Question 4:

What will be CAISO's role in monitoring and overseeing MRTU and its impacts?

CAISO role is to lead in monitoring and overseeing MRTU and evaluating its impacts to ensure that the markets are operating efficiently and competitively. Competitive operation will result in lower total costs to California consumers.

The CAISO has developed several processes for monitoring and overseeing the performance and impact of MRTU markets. The CAISO's Department of Market Monitoring and the independent Market Surveillance Committee collectively perform market analysis, investigations, and evaluate market design. Having monitoring, analysis, and design addressed by both "in-house" and an independent advisory group of industry experts ensures that CAISO management and the Board will receive timely market information from different market perspectives.

The CAISO responsibilities are further enhanced by the independence of the Board of Governors, which is informed by direct reports from the independent Market Surveillance Committee and the Department of Market Monitoring. In addition to these formal reporting channels, CAISO is informed on a regular basis by stakeholders who also have access to the Board through our public meeting process.

Question 5:

What criteria will you use to determine whether CAISO should vote to certify the readiness of MRTU?

Let me state at the outset that I will not vote to certify MRTU readiness unless I believe it meets our established readiness criteria. Our review includes internal and external readiness in terms of people, process, and technology as well as compliance with budget and schedule milestones.

The detail behind these broad readiness criteria is extensive and is available for public review on the CAISO web site. The criteria are regularly evaluated as to whether the action is on schedule or at risk of missing the scheduled completion date. These results are also posted on the CAISO web site.

The Board will be briefed on these formal criteria as part of the certification deliberations. In addition, the Board will be informed by comments from stakeholders as well as by presentations from outside advisors regarding the readiness and performance of our systems. These matters are discussed at our board meetings and will continue to receive focused Board attention at our January Board Meeting, as well as at a special Board Meeting scheduled for early March.

Question 6 & 7:

Has CAISO planned for the operation of isolated parts of the electric grid when they are cut off from the rest of the grid?

In the case of SDG&E, who is supposed to manage the grid's frequency if it is cut off from CAISO control?

CAISO prepares for operation in emergency situations by:

- Providing 40 hours of annual emergency operations training for CAISO employees and California grid operators, which includes restoring the grid from blackout scenarios put together by California Electric Training Advisory Committee (CETAC).
- Guiding the trainees through the extensive training to demonstrate understanding of operating under emergency situations and obtain North American Electric Reliability Corporation certification.
- Collaborating with CETAC to develop procedure documents getting utility approval and posting non-sensitive procedures on the public website.
- By sharing best practices with other ISOs/RTOs.

In addition, CAISO and the grid operators maintain redundant communications systems which include satellite phone communication. The redundant - communication capability prevents isolated parts of the electric grid from being cut off from communication under all conditions, including "islands."

It is important to note that at all times and under all conditions the CAISO is the entity tasked with managing the grid's frequency. In the case of islanding, the CAISO would maintain frequency by communicating and working with generators within the island.

Question 8:

What specific steps is CAISO taking to integrate renewable resource into the electric grid?

CAISO has implemented several key initiatives related to successful renewable integration.

- Most recently, CAISO published an engineering study describing what needs to be done to successfully integrate renewables into the grid. It identifies specific system impacts and provides the foundation for an action plan currently in development.
- CAISO developed and obtained FERC approval of a new national policy for financing the interconnection of renewable resources and has filed the related tariff changes for approval.
- MRTU contains features that mitigate integration challenges by responding to system conditions more frequently.
- CAISO has special tariff provisions to accommodate the unpredictability of intermittent renewable generation.
- CAISO reviewed and approved a plan of service for the Tehachapi wind resource area. (Siting approval is pending at the CPUC.)

Question 9:

The report did not consider the costs of integrating renewable resources into the electric grid. Will CAISO estimate these costs? If so when?

CAISO charge includes executing to meet the 20% renewable goal set by the California State Legislature. CAISO's renewable integration report is an engineering study focused on what needs to be done to comply with state law. It is not an economic analysis of the cost of integrating the renewable resources into the grid. Nevertheless, once CAISO develops and begins to implement an action plan for mitigating the challenges identified in the study, related costs will become transparent and available to policy makers and regulators for their consideration. CAISO expects to post a proposed action plan in early 2008.

CALIFORNIA LEGISLATURE

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APPOINTMENTS DIRECTOR

SENATE RULES COMMITTEE

DON PERATA
CHAIRMAN

November 28, 2007

B. Timothy Gage

Dear Mr. Gage:

As you know, the Senate Rules Committee will conduct a confirmation hearing on your appointment as a member of California Independent System Operator Governing Board on Wednesday, January 23, 2008. We request that you appear. The meeting will begin at 1:30 p.m. in Room 113 of the State Capitol.

We have prepared the following questions to which we would appreciate your written responses. Please provide your responses by December 19, 2007.

We would also like to receive an updated Form 700, Statement of Economic Interest, by December 19th.

Role of CAISO and Its Governing Board

CAISO manages most of the electricity grid in California for efficiency and reliability, and to provide open access. Section 345 of the Public Utilities Code states that CAISO "shall ensure efficient use and reliable operation of the transmission grid..." However, critics contend CAISO has, in the past, instituted changes impacting the electricity markets that have resulted in higher prices to customers and less reliability to the grid. CAISO has also been criticized for allowing staff to make major policy decisions without input from the board. The most well-known example took place in late 2000 when CAISO staff took action to suspend price caps on electricity during the energy crisis without board approval.

1. *What do you believe to be the core mission of CAISO? What role should CAISO have in overseeing and facilitating changes to the electricity market, and what happens when there is a conflict with the goal of ensuring grid reliability?*

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2. *How would you describe the role of the governing board and the role of staff in regard to setting CAISO policy?*

Market Redesign and Technology Update

CAISO has undertaken an effort to update the policies and technology it uses to oversee the state's electricity grid. This effort is referred to as the Market Redesign and Technology Update, or MRTU.

Among other things, MRTU proposes a redesign of the bulk transmission markets, including the use of "locational marginal pricing," a market-driven pricing mechanism that sets energy prices at hundreds of transmission "nodes" on the grid and allows the market to determine transmission and electricity costs to reduce transmission congestion.

MRTU is scheduled to go into effect April 1, 2008. The Federal Energy Regulatory Commission is requiring CAISO to certify MRTU readiness 60 days before the implementation date, and CAISO has scheduled a board meeting on the issue for January 28 and 29.

3. *What impacts will MRTU have on energy costs to consumers?*
4. *What will be CAISO's role in monitoring and overseeing MRTU and its impacts?*
5. *What criteria will you use to determine whether CAISO should vote to certify the readiness of MRTU?*

Southern California Fires

Last month the Southern California wildlands fires impacted transmission lines connecting San Diego County to the electric grid. San Diego Gas & Electric (SDG&E) officials feared that the blazes would cause a worst-case scenario, severing the county from the U.S. power grid. Normally CAISO manages the grid's frequency, but if cut off from the grid local energy producers would have to take over that task.

6. *Has CAISO planned for the operation of isolated parts of the electric grid when they are cut off from the rest of the grid?*
7. *In the case of SDG&E, who is supposed to manage the grid's frequency if it is cut off from CAISO control?*

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Integration of Renewable Resources

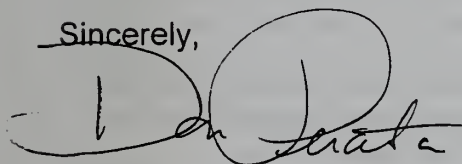
California's Renewable Portfolio Standards require utilities to obtain specific amounts of energy from renewable sources. Currently the state obtains 11 percent of its energy from renewable sources. The standards call for 20 percent to be from renewable sources by 2010 and 33 percent by 2030. CAISO has recently prepared a report on the integration of renewable sources into the operation of the electric grid.

8. *What specific steps is CAISO taking to integrate renewable resources into the electric grid?*
9. *The report did not consider the costs of integrating renewable resources into the electric grid. Will CAISO estimate these costs? If so, when?*

Please send your written answers to these questions to Nettie Sabelhaus, Senate Rules Committee Appointments Director, Room 420, State Capitol, Sacramento, CA 95814, or you may fax your responses to (916) 445-0596.

Thank you in advance for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Perata", written over a horizontal line.

DON PERATA

DP:KW

cc: California Independent System Operator

**Responses of Tim Gage
To
Senate Rules Committee CAISO Confirmation Questions
Posed November 28, 2007**

December 18, 2007

1. CAISO Role

The CAISO's fundamental responsibility is to ensure open and nondiscriminatory access to the transmission grid and to operate the real-time market in a reliable and cost-efficient manner. This translates into the CAISO (1) playing a central role in transmission planning for the state in cooperation with state agencies such as the Public Utilities Commission (PUC) and the Energy Commission and (2) ensuring that the state's high voltage transmission grid operates reliably at the lowest cost to retail end use customers.

As the operator of the grid and real-time markets, the CAISO is well positioned to facilitate improvements to the electricity market in collaboration with the PUC and subject to the policy direction of the Legislature and the Administration and regulatory guidance of the Federal Energy Regulatory Commission. As the people "on the ground," the CAISO is in a position to identify market design issues, challenges and opportunities.

In the instance of a conflict between the goal of grid reliability and changes to the market, grid reliability must take precedence. The operation of the market and market design considerations are tools intended to help achieve grid reliability at low cost to retail end use customers and not ends in themselves.

2. Role of Governing Board and Staff

The board has responsibility to hire and fire the CEO and to approve (or disapprove) CEO-recommended changes to top management, to scrutinize and approve the organization's budget, to ensure compliance with disclosure and audit requirements, to approve tariff changes, to set the overall policy direction and goals of the organization, consistent with the policy direction provided by Legislature and the Administration, and to evaluate management's success at achieving those goals.

CAISO management and staff have responsibility to provide the board with recommendations as to how to achieve the goals and objectives of the organization based on its professional judgment and day-to-day experience as to the best course of action.

3. Impact of MRTU on Customer Costs

Over time MRTU will result in savings to customers chiefly as a result of two features:

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- The introduction of a day-ahead market will permit the use of the state's high voltage transmission grid to be optimized. This means that, rather than resources being dispatched in real time where the use of the grid is not optimal and significant congestion costs are incurred, operators will be able to plan the most efficient use of the grid for power delivery purposes a day in advance and, thereby, reduce these congestion costs.
- In addition, MRTU will provide price signals as to where the greatest needs are on the grid with respect to power generation and improved transmission capacity. This will assist the CAISO and the state in identifying those deficiencies and in more efficiently allocating resources to those bottlenecks.

Whether these cost savings to consumers result in an absolute reduction in costs depends significantly on the many other factors that will affect the cost of electricity in the future, such as the cost of natural gas and renewable power supplies, the impact of efforts to reduce greenhouse gas emissions, the rate at which aging generation facilities are retired, growth in demand, etc.

4. Oversight of MRTU

The CAISO will extensively scrutinize the implementation of MRTU and its effects on the market and reliability. This effort will include evaluation of the impact of MRTU on the day-to-day operation of the grid, the day-ahead and real-time markets and the business systems that support MRTU billing and cost allocation. In this effort the board will be assisted by many of the organization's departments, such as operations, market design and stakeholder relations. In addition, the board and the CAISO will work extensively with the Department of Market Monitoring, which oversees the operation of the CAISO market and reports directly to the board; the Market Surveillance Committee, which provides advice to the board and management regarding the operation of the market; and the PUC with which the CAISO has developed a collaborative relationship, particularly as it relates to the intersection of resource adequacy requirements and the operation of the CAISO market.

5. MRTU Readiness Certification

The CAISO has developed an intensive process for determining whether MRTU is ready to "go live." From a project management perspective, CAISO has established benchmarks for testing the systems upon which MRTU will rely. These benchmarks measure the systems' readiness first from an internal perspective and, more importantly, in terms of the readiness of the various market participants to use the systems. At several points as we approach the MRTU launch target date, the board has and will meet to hear from CAISO management and market participants regarding their assessment of whether MRTU is ready to be launched. This assessment will look at several questions:

- Are the various software tools operating in the manner designed, both in terms of operation of the market and the grid?

- Are all of the market participants involved (load serving entities, energy suppliers, etc.) fully prepared to operate in an MRTU environment? Does CAISO agree?
- Are there any issues with respect to market conditions or other factors that indicate that MRTU should not go live?

Ultimately, the question of whether MRTU is certified as ready depends on whether we have confidence that it will work. If there is any question about readiness, we will not proceed with the launch of MRTU. This is about getting it right, not about getting it done to meet a deadline.

6. Planning for Instances of Grid Isolation

The CAISO engages in extensive planning and training to prepare for numerous grid contingencies, including blackouts and instances where a portion of the grid becomes isolated because of transmission failures (islanding). The CAISO has developed coordinated plans and procedures to be followed in the instance of grid failures. The CAISO conducts annual training of over 100 grid operators in the CAISO, investor owned utilities (IOUs), and other entities for the purpose of drilling them in these procedures and conducting exercises to ensure that they follow the procedures. In addition, the CAISO maintains an extensive communications network with the IOUs on a daily basis, but most importantly when the grid is experiencing challenging conditions.

7. Responsibility for Grid Operation in the Case of SDG&E Islanding

If the SDG&E control area grid were to become islanded, as was threatened during the recent fires, the CAISO would retain responsibility for operation of the grid. This is possible because the CAISO retains control over the generation resources (e.g., ancillary services such as regulation up and regulation down) that maintain the frequency of the grid. The CAISO is able to exercise control over these resources using meter data from a frequency data source, which would be available even under a worst case scenario via a satellite telephone link.

8. Integrating Renewable Resources into the Grid

The CAISO has taken the lead nationally in integrating renewable resources into the electric grid. As part of a collaborative effort including the PUC and the Energy Commission, the CAISO is working extensively with many participants to resolve the challenges posed by the state's RPS goal. Recently the CAISO

- Proposed a third mechanism for transmission financing to deal with generation resources, many of which are renewable (wind, geothermal and solar), that are remote from existing transmission capacity and where traditional financing approaches make it prohibitive for these generation resources to connect to the grid. This proposal, which was initiated by the CAISO, is currently in the FERC approval process.

- Completed a study on the integration of renewable resources into the grid. This study analyzed the operational impact and challenges associated with the integration of renewable resources. The study concluded that one of the most significant challenges associated with renewable resources, especially wind, is its intermittent nature. As a result, additional voltage regulation resources will be needed to support higher reliance on renewables. The report also found that the current 20 percent RPS standard is achievable once the transmission upgrade in the Tehachapi area is completed.
- Is moving forward on several fronts to increase the integration of demand response into the state's wholesale electric markets. This is one of the most cost-effective ways in which the state can reduce its reliance on non-renewable means of generating electricity. Five working groups led by the CAISO, the PUC or the Energy Commission are underway, each with separate tasks intended to improve the contribution of demand response to meeting the state's electricity needs.

9. Costs of Integrating Renewable Resources

The CAISO will estimate the operational costs of integrating renewable resources into the grid during the first three to six months of 2008. As noted above, these costs consist primarily of the additional regulation and ramping resources required because of the intermittent nature of renewable resources.

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1. What do you believe to be the core mission of CAISO? What role should CAISO have in overseeing and facilitating changes to the electricity market, and what happens when there is a conflict with the goal of ensuring grid reliability?

Answer: The core mission of CAISO is prominently stated in its annual report:

For the benefit of our customers, we:

- Operate the grid reliably and efficiently
- Provide fair and open transmission access
- Facilitate effective markets and promote infrastructure development

All through the provision of timely and accurate information.

The CAISO has an important and unique role to play as a facilitator of change in the dynamic electricity sector. It is the neutral connector of supply and demand. It provides an open and transparent forum within which all stakeholder views can be presented.

The objective is:

- To align with State policy
- Have market incentives align with physical grid operations
- Be consistent with CAISO performance goals
- Continue trend of stable competitive markets.
- Design markets that create value for all
- Ensure the reliability of grid operations

If there is a conflict with ensuring grid reliability in the long-term, the CAISO has the long term responsibility and ability to identify this conflict and facilitate a workable solution. If a conflict is identified with respect to short term grid management, the goal of grid reliability should prevail.

2. How would you describe the role of the governing board and the role of staff in regard to setting CAISO policy?

Answer: As with other State Boards and not for profit corporations the CAISO Governing Board establishes policy and hires the CEO to manage that policy. The staff does not set policy, nor does the Board manage the business.

3. What impacts will MRTU have on energy costs to consumers?

Answer: The implementation of the MRTU is intended to have downward pressure on costs for several reasons:

- The introduction of a day-ahead market and scheduling with least cost dispatch will provide greater price transparency, more feasible schedules and incentives to perform. This in concert with long-term contracts is designed to increase

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certainty, reduce risk and thus reduce costs. Locational Marginal Pricing will make bottlenecks in the grid transparent thereby facilitating quick investments and demand response.

It is important to note that MRTU is a deliberate combination of best practices in existence at and accepted by other ISOs. While it is a very large system and challenging in its implementation, the risk factors are more manageable than a "self" design. The objective is greater reliability, efficiency and lower cost in the marketplace.

4. What will be CAISO's role in monitoring and overseeing MRTU and its impacts?

Answer: The CAISO has the responsibility for monitoring and overseeing the MRTU just as it does the present system. The Department of Market Monitoring (DMM) is the unit within the CAISO tasked with monitoring the efficiency and effectiveness of the wholesale markets. In carrying out this monitoring function, the DMM works closely with the CAISO's Market Surveillance Committee – an independent advisory group of industry experts that make recommendations regarding the efficient operation of the ISO markets to the ISO Board of Governors. The MSC members are: Dr. Frank Wolak, Chair, Professor of Economics, Stanford University; Dr. Benjamin Hobbs, Professor of Geography and Environmental Engineering, John Hopkins University; and Dr. James Bushnell, Research Scientist at UC Energy Institute. The MSC provides independent review of the ISO's market design efforts, proposed rule changes, penalties for market misbehavior and offers input on annual market performance reports and mitigation measures.

Additionally, the MRTU includes enhanced local market power mitigation provisions to address potential market power problems in constrained areas before it occurs. Finally, the CAISO will have the capabilities to monitor MRTU market performances to identify any market problems quickly and take appropriate action with the FERC. Having effective market monitoring capabilities is part of the MRTU readiness criteria.

5. What criteria will you use to determine whether CAISO should vote to certify the readiness of MRTU?

Answer: The MRTU is a very large undertaking that has been years in planning and development. The Governing Board has received briefings at each of its meetings as to issues and status. Stakeholders, participants and the public have the opportunity to express their views and concerns at meetings with CAISO staff and at Board meetings which are open to the public. Staff recommended a short delay in "Go Live" date earlier this year to 4/1/08 to provide adequate time to complete certain systems work, training and testing.

An additional Board meeting dedicated to MRTU has been scheduled for March '08 for a final briefing on schedule, tasks, and readiness. The market participants and stakeholders will have an opportunity to comment at this and previous meetings. All of this data will be the basis for the Board to act upon staff recommendations.

6. Has CAISO planned for the operation of isolated parts of the electric grid when they are cut off from the rest of the grid?

Answer: Yes the CAISO staff conducts an annual drill related to grid management, line and supply loss mitigation. This training program is available to all market participants. "Islanding", which is a term used to describe a total separation of a part of the grid from the rest of the grid is a part of that training session.

7. In the case of SDG&E, who is supposed to manage the grid's frequency if it is cut off from CAISO control?

Answer: In the event of the "islanding" of a part of the grid, the island including both grid and generators would not lose communication with the CAISO. The "island" would remain in communication with CAISO for oversight, management and frequency control.

8. What specific steps is CAISO taking to integrate renewable resources into the electric grid?

Answer: The CAISO is mindful and supportive of the State of California's energy policy. A current directive is to increase the "renewable" component in the future energy mix. While a portion of this supply may be located within the load center, most likely new transmission line development will be required to access and deliver renewable supplies. The CAISO has supported major transmission line proposals that are designed in large part to transmit renewable energy into the load centers. Additionally, certain renewable sources, i.e., wind, have challenging dispatchability characteristics. The CAISO has instituted the Participating Intermittent Resource Program which essentially allows wind generators to participate in the ISO hour-ahead markets without penalties. The CAISO is also constructively studying additional ways that this source can be effectively integrated into the grid in greater quantities. In addition, the CAISO Board has put forward a proposal for financing transmission for renewables that will lessen what has historically been a significant front-end burden for renewable projects that often are located remotely from the transmission grid.

9. The report did not consider the costs of integrating renewable resources into the electric grid. Will CAISO estimate these costs? If so, when?

Answer: The referenced report was an engineering study to see what was necessary to integrate a level of "alternative" energy resources into the grid. It did not address the cost issue. The associated integration costs will be identified as the staff develops the necessary work plan in early 2008.



County of Fresno

BOARD OF SUPERVISORS
SUPERVISOR JUDITH G. CASE - DISTRICT FOUR

January 17, 2008

Nettie Sabelhaus
Rules Appointments Director
Senate Rules Committee
State Capitol, Room 420
Sacramento, CA 95814

Re: Responses to questions from Senate Rules Committee (January 8, 2008)

Dear Ms. Sabelhaus,

Attached are my responses to the questions posed by the Senate Rules Committee as well as an updated Form 700, Statement of Economic Interest. I am honored to have the opportunity to serve as a member of the California Air Resources Board and look forward to my appearance before the Senate Rules Committee on January 23, 2008.

Thank you for your consideration.

Yours truly,

Judith G. Case
Fresno County Supervisor
Member - San Joaquin Valley Air Pollution
Control District Governing Board

Senate Rules Committee

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Attachments: Response to Senate Rules Committee Questions
Form 700 Update

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Goals

1. *What do you hope to accomplish during your tenure as a member of ARB?
What goals do you have for the board and how will you accomplish them?*

As a health care professional, California's public health needs will be my top priority and will guide my actions as a member of ARB. I also believe that a sound economy is essential to having the enormous resources that are needed to address our major environmental challenges. I will support and encourage development and implementation of strong air quality management programs.

California is home to two regions with the most difficult air quality challenges in the nation. Achieving clean air in South Coast and San Joaquin Valley air basins will require tough regulatory actions, significant increases in incentive funding, and major advancements in pollution control technologies.

I look forward to working on the PM 2.5 attainment strategy. While we will experience health benefits from control of PM 10, a strategy for PM 2.5 is greatly needed. Presence of high levels of ozone and the related increase in asthma is widely known. There is an equally significant need to control PM 2.5 for the serious effect this pollutant has on cardiovascular disease. Information continues to emerge about the damage PM 2.5 causes to the cardiovascular system and there is an urgency to address this concern.

ARB is the lead agency to enact the Global Warming Solutions Act of 2006. As the fifth largest economy in the world, California must play a major role in reversing climate change and serving as a role model for the rest of the nation and the world. ARB has established the 1990 baseline and is working to develop a strategy for reducing our emissions to this level by 2020. As such, the ARB will adopt rules and regulations through an open public process to achieve the maximum technologically feasible and cost effective greenhouse gas emission reductions.

I will look for win-win strategies that help with our immediate public health urgency arising from unhealthy ozone and particulate levels that can also reduce greenhouse gases. These include measures that promote energy conservation, fuel efficiency, clean fuels, and effective land use decisions that reduce vehicle miles traveled.

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Climate Change

The Global Warming Solutions Act of 2006 (AB 32, Chapter 488, Statutes of 2006) requires ARB to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions levels in 1990, to be achieved by 2020. It also requires ARB to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions.

In October 2006, the Governor issued an executive order specifying how the Administration was going to implement AB 32. Since that time, there have been other administrative actions, such as the adoption of other executive orders on low-carbon fuels, agreements with other states and countries, and other actions for which budgetary resources have not been specified or for which little statutory basis exists.

2. *How do you view the relationship between AB 32 and Administration directives such as executive orders?*

In my opinion, AB 32 establishes the statutory framework and the guidelines that ARB must adhere to in designing and implementing the core of our climate change program. I also believe that Governor Schwarzenegger has shown tremendous leadership in this area and can offer additional tools that are complementary.

The Governor and the Legislature made California a worldwide leader in addressing climate change with the enactment of AB 32, and the Governor has continued to demonstrate California's leadership through the issuance of Executive Orders and working with other states and countries to help foster wider action on this global issue.

As a member of ARB, I will rely on AB 32 as the guiding document for fulfilling our mandates and will support executive orders that are supplementary and supportive of our ultimate goals in reversing climate change.

AB 32 establishes a series of substantive and process requirements for the evaluation of so-called "market-based compliance mechanisms." The law was carefully crafted to require direct emission controls, but to make market-based mechanisms like "cap and trade" optional based on meeting certain standards.

3. *The Governor has stated publicly that market-based compliance mechanisms must be a part of AB 32 implementation. Do you agree? Do you feel that you can act independently as a board member in evaluating*

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them and ensuring that they meet the tests established under the law, prior to approving their use?

ARB should evaluate the full range of potential compliance strategies, and market based mechanisms should be considered as part of that evaluation. I believe in maintaining ARB's tradition of independence and autonomy and my decisions as a member of ARB will rely on hard work, research, and listening to all experts and stakeholders.

The cap and trade system draws on marketplace forces to reduce emissions. Those who favor cap and trade argue that such a program can reduce emissions cost-effectively while offering affected businesses the needed flexibility. The chief concern of those who oppose cap and trade is that it may not be as effective as a command and control program that requires best available control technology on all affected sources and may lead to disproportionate impacts on some communities. Evaluation of any program should be ongoing to assure that emission reductions are real and quantifiable and do not cause adverse local impacts.

ARB's existing regulatory program already includes elements that AB 32 defines as "market-based compliance mechanisms" such as the banking of extra annual emission reductions auto manufacturers achieve in the Low Emission Vehicle regulations. There are certainly many issues associated with market-based strategies that must be weighed in determining whether they would be the right approaches for California, including the certainty of emission reductions and any potential impacts on local communities.

I believe it is my duty as a Board member to ensure that any program (market-based or otherwise) approved by the Board meets the statutory requirements described in AB 32. I will listen to all experts and will consider all issues including enforceability, timeliness of reductions, and cost-effectiveness before rendering a decision as a member of ARB.

4. *How should the board evaluate market-based greenhouse gas emission reduction programs? Should the board rely on the standards and public process outlined in AB 32, or the Secretary of the California Environmental Protection Agency's (Cal/EPA) market advisory committee, or a different process to advise the board?*

AB 32 establishes the standards and procedural requirements that ARB must fulfill in meeting its mandates as designated lead agency for

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implementing the state's greenhouse gas emission reduction programs including the requirements that the Board must follow to evaluate market-based mechanisms.

The work of the Secretary of the California Environmental Protection Agency's (Cal/EPA) Market Advisory Committee is very valuable and should be considered by ARB along with input offered by all other experts and stakeholders. ARB is responsible for developing the Scoping Plan. In order to be successful, the Scoping Plan effort must involve a number of other state agencies, including the Energy Commission, the Public Utilities Commission, CalTrans, the Department of General Services, the Resources Agency, and the Department of Food and Agriculture. Cal/EPA is playing a critical role in coordinating these other agencies in the development of the Scoping Plan and ensuring that their experience and expertise are reflected.

The Board should consult as many knowledgeable and experienced people as it can on an issue as important as the design of the climate change program, to determine if the program should include market-based elements, and if so, what role those elements should play in the overall program.

AB 32 establishes ARB as the lead agency for implementation of greenhouse gas emission reduction policies. However, the Governor's executive order directs the Secretary of Cal/EPA to coordinate all ongoing efforts related to the implementation of greenhouse gas emission reductions. In addition, agencies such as the California Public Utilities Company (CPUC) and the California Energy Commission have assumed administrative roles in research and regulatory activities associated with climate change.

- 5. *What do you believe to be the appropriate relationship between ARB and the office of the Secretary of CAL-EPA with regard to the implementation of AB 32?***

Successful implementation of AB 32 will be resource intensive. Several affected industries are already being regulated by other state agencies. AB 32 lays out roles for both the ARB and Cal/EPA. Efficient and streamlined implementation will require coordination and cooperation from a number of state agencies. Towards that end, the office of the Secretary of CAL-EPA can be helpful in facilitating communication and minimizing duplicative efforts. A coordinated effort of state agencies, including the California Public Utilities Commission and the California

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Energy Commission as well as input from public, experts and stakeholders will provide the best opportunity for a successful program.

6. *How do you view the role of your board versus that of agencies like the CPUC in implementation and enforcement of AB 32?*

AB 32 gives ARB the lead role in the implementation of California's climate program; however, other agencies – both at the state and local level – are critical to the success of AB 32. Some of the programs (regulatory and otherwise) that we will likely rely on will be developed, adopted, implemented, and enforced by other state agencies.

Several affected industries are already being regulated by other state agencies. These agencies, such as CPUC, can provide valuable technical and material assistance in scientific research, and in design and implementation of effective climate change programs. While ARB will be the lead agency in the development and implementation of the state climate change policies, the other agencies can play a major role in efficient and streamlined implementation of certain components of the program. Participation by these agencies will also help to ensure harmony between the climate change program and other state priorities that these agencies may be charged with. For instance participation by CPUC can help in assuring that our climate change program will be compatible with the goal of maintaining a reliable power generation and distribution system for the state.

State Implementation Plan

7. **The 1990 federal Clean Air Act requires states to submit state implementation plans for areas that do not meet federal air quality standards. The State Implementation Plan (SIP) for ozone or ground-level smog covers 17 of these areas from San Diego to the northern Sacramento Valley. The areas are required to reach federal ozone standards between 2007 and 2014.**

See answer to #8 below.

8. *What is the status of the SIP? What needs to be done to achieve federal air standards?*

As a member of the ARB Board since June of 2007, I've worked not only to complete the State SIP submittal to U.S. EPA, but to help direct

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development of a SIP that will expedite attainment of the health-based standards throughout the State.

The SIP for the federal 8-hour ozone standard includes a State Strategy, which addresses the sources of air pollution under the primary jurisdiction of the State Board, including mobile sources and consumer products. On September 27, 2007 the State Board unanimously approved the State Strategy. Prior to the adoption of the State Strategy in September, ARB staff's proposal was revised at the direction of the Board, to include much-needed additional reductions to help expedite attainment in areas including the South Coast and San Joaquin Valley.

In addition to the State Strategy, the SIP also includes the district submittals, which address the stationary sources of air pollution under the jurisdiction of the districts. While district SIPs have also been approved and submitted to U.S. EPA for the most populous non – attainment areas of the State, including the South Coast and San Joaquin Valley, there is still a significant amount of work to do to complete the SIP for the entire state. Preparation of the district SIP for the Sacramento Air Basin is scheduled for completion in July, and SIP preparation for Ventura County, and several other County air districts in nonattainment areas may be even later in 2008. Once the districts, with extensive assistance from ARB staff, complete their plans, the State Board will review and consider each document to ensure that all appropriate control measures are included to achieve attainment as expeditiously as possible in each area.

In most areas of California, emissions from mobile sources that fall under the regulatory jurisdiction of the ARB and U.S. EPA are the primary cause for ozone and particulate violations. ARB must design and implement strong regulatory and incentive-based mobile source control programs to enable local air districts meet the state and federal health-based standards. Cleanup of the diesel engine fleets is the biggest single air quality problem we face. State policies to promote sustainable growth and technology advancement are also needed to meet both SIP and climate change goals. In addition, ARB must encourage U.S. EPA to adopt regulations that deliver the maximum emission reductions from sources under federal control, like ships, marine fuels and locomotives.

Earlier this year, ARB requested and the federal Environmental Protection Agency approved the extension of the ozone deadline for the San Joaquin Valley by 11 years, from 2013 to 2024. ARB recently pledged to achieve a 90 percent

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compliance with the federal ozone standard by 2017.

9. *How much longer after 2017 is needed to achieve the remaining 10 percent compliance? Can it be done prior to the 2024 deadline? If so, should the deadline be accelerated to an earlier date? What types of air pollution sources should be targeted in order to achieve the remaining 10 percent?*

I am fully committed to doing everything we can at the local level and as an ARB member to ensure that San Joaquin Valley meet the ozone standard by 2017 and well in advance of the 2024 statutory deadline. Aside from strong regulatory measures, success will require major technological advancements in pollution control from mobile and stationary sources of air pollution.

At the local level we have formed a "Fast Track Task Force" with members from the business and environmental organizations working with the District staff to explore innovative and effective measures that can enhance the state SIP. As a member of the Board of the local Air District, we have also committed to focus incentive programs and funds to the most difficult areas with the greatest ozone problems whenever possible.

As an ARB Board member, I co-chaired a 14-member task force of environmental and community advocates, industry representatives, and local government officials in an effort to find new ways to expedite attainment in the San Joaquin Valley. This group held three community meetings: One in Merced in the north part of the Valley, one in Parlier in the central Valley, and one in Arvin on the very southern boundary of the District. Discussion topics included incentives, air quality bonds, diesel retrofit technologies, emission inventory, the private truck rule, and operational control concepts - the term often used to describe limits on polluting activities on days with high ozone - nothing was left off the table. As a result of our efforts, we were able to identify additional State commitments for reductions in trucks, construction and farm equipment that significantly reduced the Valley's attainment gap. Also as part of these efforts, ARB staff carefully reviewed the Valley Air District's proposals for stationary sources in the SIP, and found that the District had, over the past ten-years, adopted many of the most stringent rules anywhere, and also had set very aggressive targets for the future. These efforts are being continued under Valley Air District's Fast Task Force, which is focused on exploring innovative approaches and new technologies that may have significant promise for achieving reductions in the future.

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In terms of priorities, heavy-duty trucks that travel up and down the state are by far the largest single source of NOx in the Valley and throughout the state. The upcoming ARB regulation for heavy-duty trucks, which is due to be completed next fall, and the implementation of goods movement emissions reductions using proposition 1B funding are two important steps in achieving the needed reductions for this source category. Beyond these efforts, to achieve early attainment, even more reductions will be needed from new technologies and innovative approaches to goods movement.

Other key mobile source categories include construction equipment and passenger vehicles. For construction equipment, last year we adopted an aggressive regulation for construction industry throughout the state. This regulation also included enhanced provisions for additional reductions in South Coast and San Joaquin Valley. Multiple approaches are also necessary to achieve emissions reductions required from passenger vehicles. These including strict tailpipe emissions standards, enhanced smog check programs, more widespread use of lower emissions vehicles, and encouraging changes in driving behavior and better land use decisions to reduce vehicle miles traveled.

Ports Communities and Goods Movement

The emissions from ship and terminal operations and the diesel exhaust from trucks and locomotives that move goods out of the ports are concentrated in and around ports and the adjacent neighborhoods. It is estimated that by 2020 the majority of pollution associated with goods movement within the state will be from sources (oceangoing vessels, locomotives and interstate road traffic) over which the state does not have jurisdiction.

10. *What means are available to ARB to address air pollution related to goods movement, given the state's limited regulatory authority over many sources of that air pollution, such as locomotives, oceangoing vessels, and interstate road traffic? How can the state achieve needed emission reductions if the soon-to-be largest emission sources (oceangoing vessels and locomotives) are out of the control of the board?*

Where the ARB has direct authority to regulate sources of air pollution related to goods movement, aggressive action is being taken. For example, in the past two years the Board has adopted measures reducing emissions from cargo handling equipment, auxiliary engines of ocean going vessels, harbor craft, port trucks, and requiring the use of shoreside power. These measures use our authority to require the use of newer engines (early replacement of dirty engines), cleaner

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fuels, and the use of retrofit equipment to reduce emissions. We are also working with the United States Environmental Protection Agency (USEPA) to adopt the most stringent standards possible for marine and locomotive engines and to implement these standards as soon as feasible. In addition, the ARB is working with other goods movement stakeholders to achieve emission reductions through actions such as early introduction of cleaner engines, vessel speed reductions for marine vessels, and the development of health risk assessments.

11. *How has ARB been addressing the health effects of pollution from the movement of goods, especially port communities? What plans does the board have to address the health effects of pollution in these port communities?*

To fully understand the health risks associated with goods movement at ports, the ARB conducted a health risk assessment (HRA) for the Ports of Los Angeles and Long Beach in 2006, and is currently conducting an HRA for the Port of Oakland. These HRA's show significant health risks from diesel particulate matter (diesel PM) associated with port activities. In 2006, the ARB also adopted the Emission Reduction Plan for Ports and Goods Movement which estimated the public health impacts of the goods movement system in California and outlined several strategies to reduce that risk by 85 percent by 2020. Many of the strategies outlined in that Plan have already been adopted by the Board (see #10 above).

12. *If emission sources cannot be reduced enough to protect the health of adjacent neighborhoods, what other recommendations would the board make to curb the adverse effects of air pollution caused by goods movement?*

Our goal must be to reduce emissions and protect public health in all neighborhoods as quickly as possible. ARB adopted land use guidelines as a tool for local governments. In addition ARB's Goods Movement Emission Reduction Plan, Diesel Risk Reduction Plan and the Proposition 1B bonds will substantially reduce public health risk in affected neighborhoods. The ports, the rail industry, and US EPA also need to do their part to further reduce emissions from goods movement and protect public health in all neighborhoods. (also see question #16).

If the sources cannot be controlled adequately, we must also pursue alternative goods movement strategies that replace some of the high polluting sources. This can be achieved by public private partnership

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in infrastructure for alternative goods and people movement infrastructure, such as high speed rail or new fuels and technologies.

13. *What does increased goods movement mean for the SIP? Will further amendments be needed?*

Goods movement emissions are already the primary source of emissions that cause ozone and particulate exceedances in the state's non-attainment areas. Major increases in goods movement activities will certainly continue to challenge us.

The SIP takes into account anticipated increases in goods movement and will substantially reduce future emissions, even with growth. SIPs for California's extreme ozone non-attainment areas include provisions to identify additional emission reductions needed by the attainment deadline. Goods movement, transportation in general and other sectors will also be further evaluated for additional emission reduction opportunities to fulfill the remaining emission reduction commitment.

Transportation Bond Funds

The transportation bond approved by voters in November 2006 (Proposition 1B) allocates \$1 billion to ARB for emissions reductions from activities related to the movement of freight along California's trade corridors. The 2007-08 state budget funds the initial \$250 million to invest in projects intended to improve air quality related to the movement of goods along four major transportation corridors: from the Los Angeles ports to the Inland Empire, State Route 99 in the Central Valley, the San Francisco Bay Area, and the San Diego border region.

14. *What criteria should guide ARB's allocation of Proposition 1B funds among competing projects? How should the board balance policy criteria such as cost-effectiveness, environmental justice considerations, maximizing emissions reductions, and maximizing the benefit to human health?*

The legislature, through SB 88 has laid out explicit guidelines and criteria that ARB, as the designated lead agency, must adhere to in establishing expenditure guidelines and regional allocation of the funds.

First and foremost, consistent with the guidelines by the legislature, priority shall be given to the most impacted areas. Such areas are

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those that suffer ozone and particulate concentrations that exceed state and federal health-based standards and/or disproportionate toxics exposure.

Fully addressing the enormous problems that we face in the state, particularly in South Coast and San Joaquin Valley will require resources in excess of those provided by Proposition 1B. Therefore, it is also critical to ensure projects funds are cost-effective and can reduce emissions in an expeditious fashion.

Establishing funding targets for each transportation corridor and for each category will allow for allocations of funds in proportion to the impacts of goods movement and to prioritize funding for the sources presenting the greatest health risks today. Focusing the bulk of the Proposition 1B funds on replacement and retrofit of heavy duty trucks will enable us to directly address the largest source of goods movement emissions and the dominant contributor to health risk in nearly all impacted communities. Cleaner trucks will benefit multiple corridors as they travel throughout the State.

A competitive process requiring optimum match of the state funds, giving priority to the most cost effective projects will ensure maximum return for the expenditure of public funds.

Reduction of Air Emissions

The Governor has set as one of his goals the reduction of air emissions by 50 percent by 2010.

15. Can you describe the Administration's plan to reduce air pollution emissions by 50 percent by 2010?

The Administration has focused on the actions necessary to address the most significant air quality issues facing California, however,

I am not aware a specific plan that demonstrates a 50% reduction in emissions by the specified deadline. Air pollution associated with goods movement dominates both regional air pollution problems and community health risk. Implementation of ARB's Goods Movement Emission Reduction Plan, Diesel Risk Reduction Plan, and SIPs is reducing California's air pollution every year despite continuing growth. ARB is also implementing the Proposition 1B air quality bond program with the goal of achieving the maximum public health benefit. In 2007 ARB adopted a new SIP that doubles the rate of key emission reductions (oxides of nitrogen) over the next few years. These

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priorities represent the most significant actions needed to reduce the public health impacts of air pollution in California.

16. *Given that a large portion of air pollution in California is generated by federally regulated sources (oceangoing vessels and locomotives), to what extent is the Governor's plan going to rely on air pollution reductions by the federal government? What specific steps would you recommend to achieve the necessary reductions?*

Unfortunately, given our past experience, we should not solely rely on the federal government for significant reductions that we need. As a member of the local Board at the San Joaquin Valley APCD, I voted to sue federal EPA over their recent failure to grant California's waiver request for greenhouse gas regulations. In fact, San Joaquin Valley APCD was the only local air district to join the state in the law suit.

While it is true that a portion of transportation related emissions are generated by federally regulated sources, I will work assure that ARB continues to use its own authority to the maximum extent possible to achieve reductions from these sources. ARB's diesel fleet rules build on US EPA new engine standards, but require early introduction of new engines or retrofit of existing engines. Where California is preempted from regulating federal sources, we are pursuing voluntary agreements in order to achieve the necessary emission reductions. California's SIP also highlights the need for federal funding to address these sources, where federal regulations have not provided the necessary reductions. In the San Joaquin Valley, we are pursuing a Clean Air Empowerment Zone to assist business with clean technology similar to Empowerment Zones utilizing tax credits for business expansion.

Fuels

ARB has taken the position that it is the duty of the board to regulate the emission from the combustion of fuels and set standards for the attainment of air quality standards and do not choose between fuels. However, the board has listed diesel exhaust as a toxic air contaminant, and recent research has shown that fine particulate matter in diesel exhaust is able to enter not only individual cells but into the mitochondria within cells.

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17. *Do you believe that there may be a difference in health effects of the combustion of different fuels? If so, should the board treat fuels that cause differing health effects differently?*

Fuel type is one of several variables that affect emissions and the resulting health risk from fuel combustion. In determining how to reduce the public's exposure to toxic air contaminants, all options, including add-on controls and alternate fuels must be considered.

Studies consistently have shown, that diesel particulate is responsible for the majority toxic health risk experienced by California residents. Controlling diesel exhaust emissions is a priority to the ARB because not only is this pollutant a significant source of particulate matter (PM), but it also has been identified as a toxic air contaminant (TAC). Health studies have linked exposure to PM to both respiratory and cardiovascular disease.

Exhaust from gasoline also contributes to ambient concentrations of TACs, and we have the nation's most stringent fuel standards to limit these compounds in vehicle emissions. All fuel related sources of PM need to be reduced as much as possible due to their wide-ranging health effects, including respiratory symptoms, exacerbation of lung and heart disease, and premature death. Since the chemical composition of exhaust from varied sources, such as, diesel, biodiesel, gasoline, or CNG-fueled engines, will not all be the same, it is likely that the health effects from exposure to these emissions will also not be the same. At this time the relative toxicity of various sources has not yet been clearly defined and is currently under investigation by the ARB, the Health Effects Institute, the U.S EPA and others. Even so, there is no evidence that any fuel is harmless, which underscores our effort to reduce PM as much as possible.

In addition, Health and Safety Code Section 43830.8 requires before ARB adopts any regulation that establishes a specification for motor vehicle fuel, a multimedia evaluation be conducted and coordinated by the state board. These evaluations are reviewed by the California Environmental Policy Council established pursuant to subdivision (b) of Section 71017 of the Public Resources Code. Multimedia evaluations consider human health effects and environmental impacts due to potential contamination of air, water, and soil.

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Other Sources of Air Pollution

In addition to mobile and stationary sources of air pollution, there are indirect and area wide sources.

18. What strategies are being considered by the board to deal with these sources of air pollution?

The key area wide source of air pollution under ARB jurisdiction is consumer products. ARB is implementing several phases of consumer product controls outlined in the California SIP. In 2008 the next consumer product measure will be brought to the Board for adoption.

Indirect source emissions include mobile source, construction and residential emissions that occur as a result of residential and commercial development. While land use development decisions are under the jurisdiction of local agencies and not the State Board, there are a number of efforts the Board is participating in to address these indirect emissions.

- a) The ARB has developed an Air Quality and Land Use Handbook which is intended to serve as a general reference guide for evaluating and reducing air pollution impacts associated with new projects that go through the land use decision-making process. As a Board member I will work to redouble efforts to promote adherence to educate local agencies on promote utilization of those guideline when applicable to local needs.**
- b) The first Indirect Source Rule in the state was developed and is being implemented in the San Joaquin Valley. It requires that the air quality impact of new development be mitigated, first by including feasible emissions reductions measures in the design of the development, and then through the imposition of fees that are used to fund offsite emissions reductions.**

19. Do you believe the board should look at land use decisions that contribute to these types of air pollution?

Land-use decisions are best made at the local level after considering the unique local needs and impacts. However, ARB can and should play a valuable role by providing guidance, tools for assessing air quality impact and quantifying benefits of various mitigation measures that can be included in project's design.

In 2005 the Board approved a land use guidance document focused on preventing localized air quality impacts in communities. As ARB

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develops the AB 32 scoping plan this year, the issue of land use policies and decision making will be an important consideration.

cc: California Air Resources Board



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January 11, 2008

Nettie Sabelhaus
Rules Appointments Director
Senate Rules Committee
State Capitol, Room 420
Sacramento, CA 95814

Re: Responses to questions from Senate Rules Committee (December 21, 2007)

Dear Ms. Sabelhaus,

Thank you for the opportunity to respond to the questions posed by the Senate Rules Committee. I am honored to serve as a member of the California Air Resources Board and look forward to my confirmation by the Senate. Thank you for your consideration.

Goals

1. *What do you hope to accomplish during your tenure as a member of ARB? What goals do you have for the board and how will you accomplish them?*

This is a most exciting and demanding time to be a member of the ARB. We have before us the challenge to improve air quality for all Californians and the mandate to implement AB32. As the Bay Area Air Quality Management District representative to the ARB, a current county supervisor, a former mayor, and a former city councilmember, I am committed to meeting these challenges.

I feel the board is well positioned to move aggressively with the implementation of AB32 in the coming year. An expeditious roll out of the Scoping Plan should be one of our top priorities. The sooner the plan is developed, the sooner we will realize the economic and environmental benefits that result from reduced greenhouse gas emissions.

AB32 implementation will also produce collateral benefits through improved air quality. We must pursue these dual-benefit opportunities wherever possible. Pollution associated with the movement of goods is one area where these opportunities are especially prevalent. Improving the air quality around our ports and their adjacent communities will result

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in significant health benefits to a vulnerable population—a cause that must be championed by the ARB on an ongoing basis. Proposition 1B funds will provide valuable assistance to this effort.

As a board member, I am committed to working collaboratively and cooperatively with the San Joaquin and South Coast Air Districts to help them attain federal ozone standards as soon as it is feasible. We cannot tolerate the serious health risks encountered by members of these communities.

The ARB is now positioned to play a greater role than ever in advising and working with local governments to implement AB32. This role includes the formulation of land use policies designed to maximize health benefits. Many of the environmental justice issues we encounter throughout the state could have been avoided with better planning. I am hopeful that the policies we develop through this process will guide land use decisions throughout the state and nationally.

Our progress in these areas: protecting the public health, improving air quality, and curbing global warming will be quicker and more effective if we move forward with transparency, innovation, and good science. I am committed to these principles.

Climate Change

The Global Warming Solutions Act of 2006 (AB 32, Chapter 488, Statutes of 2006) requires ARB to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions levels in 1990, to be achieved by 2020. It also requires ARB to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions.

In October 2006, the Governor issued an executive order specifying how the Administration was going to implement AB 32. Since that time, there have been other administrative actions, such as the adoption of other executive orders on low-carbon fuels, agreements with other states and countries, and other actions for which budgetary resources have not been specified or for which little statutory basis exists.

2. *How do you view the relationship between AB 32 and Administration directives such as executive orders?*

AB 32 governs how the State of California must tackle the challenge of global climate change. Administrative directives, such as Executive Orders, provide direction and indicate preferences as to the law's implementation, but ultimately the Board must be sure that the climate change program conforms to the statute

as described in AB 32. With that in mind, the Governor and the Legislature made California a worldwide leader in addressing climate change with the enactment of AB 32, and the Governor has continued to demonstrate the State's leadership on this issue by working with other states and countries to help foster wider action on this global issue.

AB 32 establishes a series of substantive and process requirements for the evaluation of so-called "market-based compliance mechanisms." The law was carefully crafted to require direct emission controls, but to make market-based mechanisms like "cap and trade" optional based on meeting certain standards.

3. *The Governor has stated publicly that market-based compliance mechanisms must be a part of AB 32 implementation. Do you agree? Do you feel that you can act independently as a board member in evaluating them and ensuring that they meet the tests established under the law, prior to approving their use?*

ARB should evaluate the full range of potential compliance strategies as stated in AB32, and market-based mechanisms should be considered as part of that evaluation. ARB's existing regulatory program already includes elements that AB 32 defines as "market-based compliance mechanisms" such as the banking of extra annual emission reductions auto manufacturers achieve in the Low Emission Vehicle regulations. There are certainly many issues associated with market-based strategies that must be weighed in determining whether they would be the right approaches for California, including the certainty of emission reductions and any potential impacts on local communities. I believe it is my duty as an independent Board member to ensure that any program approved by the Board, market-based or otherwise, meets the statutory requirements described in AB 32.

4. *How should the board evaluate market-based greenhouse gas emission reduction programs? Should the board rely on the standards and public process outlined in AB 32, or the Secretary of the California Environmental Protection Agency's (Cal/EPA) market advisory committee, or a different process to advise the board?*

The Board must rely on the standards and public process outlined in AB 32. The information provided by the Market Advisory Committee is very valuable, however, the Committee's report is one of many pieces of information that the Board will consider and the report only addressed a cap and trade system. The Board should consult as many knowledgeable and experienced people as it can on an issue as important as the design of the climate change program, to

determine if the program should include market-based elements, and if so, what role those elements should play in the overall program.

AB 32 establishes ARB as the lead agency for implementation of greenhouse gas emission reduction policies. However, the Governor's executive order directs the Secretary of Cal/EPA to coordinate all ongoing efforts related to the implementation of greenhouse gas emission reductions. In addition, agencies such as the California Public Utilities Company (CPUC) and the California Energy Commission have assumed administrative roles in research and regulatory activities associated with climate change.

5. *What do you believe to be the appropriate relationship between ARB and the office of the Secretary of CAL-EPA with regard to the implementation of AB 32?*

AB 32 lays out roles for both the ARB and Cal/EPA, and specifically directs ARB to consult with CPUC and the Energy Commission. ARB is responsible for developing the Scoping Plan. In order to be successful, the Scoping Plan effort must involve a number of other state agencies, including the Energy Commission, the Public Utilities Commission, CalTrans, the Department of General Services, the Resources Agency, and the Department of Food and Agriculture. Cal/EPA is playing a role in coordinating these other agencies in the development of the Scoping Plan and ensuring that their experience and expertise are reflected.

6. *How do you view the role of your board versus that of agencies like the CPUC in implementation and enforcement of AB 32?*

AB 32 gives ARB the lead role in the implementation of California's climate program; however, other agencies – both at the state and local level – are critical to the success of AB 32. Some of the programs (regulatory and otherwise) that we will likely rely on will be developed, adopted, implemented, and enforced by other state agencies.

State Implementation Plan

7. *The 1990 federal Clean Air Act requires states to submit state implementation plans for areas that do not meet federal air quality standards. The State Implementation Plan (SIP) for ozone or ground-level smog covers 17 of these areas from San Diego to the northern Sacramento Valley. The areas are required to reach federal ozone standards between 2007 and 2014.*

This question seems to be an overview statement for the following question, and therefore does not appear to need a response.

8. *What is the status of the SIP? What needs to be done to achieve federal air standards?*

The California SIP is a comprehensive set of air quality plans, regulations, and programs being implemented to address multiple health-based ambient air quality standards on a regional basis. In 2007 ARB adopted significant new regional air quality plans for the South Coast and San Joaquin Valley air districts for inclusion in the California SIP. These SIP additions build on and strengthen existing air quality plans for these regions. Other air quality plans will be developed over the next several years to address revisions to federal air quality standards. This iterative process for air quality planning allows for the incorporation of new scientific information, technologies, and innovations that will continue to improve the California SIP.

California must continue on the path of strong enforcement of existing requirements, adoption of new regulations, and funding the cleanup of the diesel engine fleets that are the biggest single air quality problem we face. In addition, State policies to promote sustainable growth and technology advancement are also needed to meet both SIP and climate change goals.

Earlier this year, ARB requested and the federal Environmental Protection Agency approved the extension of the ozone deadline for the San Joaquin Valley by 11 years, from 2013 to 2024. ARB recently pledged to achieve a 90 percent compliance with the federal ozone standard by 2017.

9. *How much longer after 2017 is needed to achieve the remaining 10 percent compliance? Can it be done prior to the 2024 deadline? If so, should the deadline be accelerated to an earlier date? What types of air pollution sources should be targeted in order to achieve the remaining 10 percent?*

ARB staff's technical assessment projects a 90% improvement in air quality in the San Joaquin Valley in terms of the current federal 8-hour ozone standard by 2017. This assessment takes into account anticipated growth, stringent new ARB SIP measures, and the results of complex air quality models that simulate atmospheric chemistry and meteorology. These tools indicate that the region will be close to full compliance but can't precisely predict when the standard will be met at every location. This issue is best addressed by focusing on how to achieve additional emission reductions through the SIP implementation process.

Ports Communities and Goods Movement

The emissions from ship and terminal operations and the diesel exhaust from trucks and locomotives that move goods out of the ports are concentrated in and around ports and the adjacent neighborhoods. It is estimated that by 2020 the majority of pollution associated with goods movement within the state will be from sources (oceangoing vessels, locomotives and interstate road traffic) over which the state does not have jurisdiction.

10. *What means are available to ARB to address air pollution related to goods movement, given the state's limited regulatory authority over many sources of that air pollution, such as locomotives, oceangoing vessels, and interstate road traffic? How can the state achieve needed emission reductions if the soon-to-be largest emission sources (oceangoing vessels and locomotives) are out of the control of the board?*

Where the ARB has direct authority to regulate sources of air pollution related to goods movement, aggressive action is being taken. For example, in the past two years the Board has adopted measures reducing emissions from cargo handling equipment, auxiliary engines of ocean going vessels, harbor craft, port trucks, and requiring the use of shoreside power. These measures use our authority to require the use of newer engines (early replacement of dirty engines), cleaner fuels, and the use of retrofit equipment to reduce emissions. We are also working with the United States Environmental Protection Agency (USEPA) to adopt the most stringent standards possible for marine and locomotive engines and to implement these standards as soon as feasible. In addition, the ARB is working with other goods movement stakeholders to achieve emission reductions through actions such as early introduction of cleaner engines, vessel speed reductions for marine vessels, and the development of health risk assessments.

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the strategies outlined in that Plan have already been adopted by the Board (see #10 above).

12. *If emission sources cannot be reduced enough to protect the health of adjacent neighborhoods, what other recommendations would the board make to curb the adverse effects of air pollution caused by goods movement?*

Our goal is to reduce emissions and protect public health in all neighborhoods as quickly as possible. ARB's Goods Movement Emission Reduction Plan, Diesel Risk Reduction Plan and the Proposition 1B bonds will substantially reduce public health risk in affected neighborhoods. The ports, the rail industry, and US EPA also need to do their part to further reduce emissions from goods movement and protect public health in all neighborhoods. (also see question #16)

13. *What does increased goods movement mean for the SIP? Will further amendments be needed?*

The SIP takes into account anticipated increases in goods movement and will substantially reduce future emissions, even with growth. SIPs for California's extreme ozone non-attainment areas include provisions to identify additional emission reductions needed by the attainment deadline. Goods movement, transportation in general, and other sectors will also be further evaluated for additional opportunities to fulfill the remaining emission reduction commitment.

Transportation Bond Funds

The transportation bond approved by voters in November 2006 (Proposition 1B) allocates \$1 billion to ARB for emissions reductions from activities related to the movement of freight along California's trade corridors. The 2007-08 state budget funds the initial \$250 million to invest in projects intended to improve air quality related to the movement of goods along four major transportation corridors: from the Los Angeles ports to the Inland Empire, State Route 99 in the Central Valley, the San Francisco Bay Area, and the San Diego border region.

14. *What criteria should guide ARB's allocation of Proposition 1B funds among competing projects? How should the board balance policy criteria such as cost-effectiveness, environmental justice considerations, maximizing emissions reductions, and maximizing the benefit to human health?*

Senate Bill 88 provides an extensive list of criteria that the Board will consider in allocating funding. Key factors include the ability of projects to quickly reduce

emissions and health risk in heavily impacted communities and to leverage non-State funding to maximize the benefits of the program. Setting funding targets for each region and source category will allow the Board to allocate funding in proportion to the impacts of goods movement and to prioritize funding for the sources presenting the greatest health risks today. By directing three-quarters of the overall funding to trucks, we can directly address the largest source of goods movement emissions and the dominant contributor to health risk in nearly all impacted communities. Cleaner trucks will benefit multiple corridors as they travel throughout the State.

For the \$250 million appropriated in the FY2007-08 budget, the Board would prioritize proposals from local agencies within each corridor according to competitive criteria, then consider the funding targets and allocate funds to local agency projects that can quickly begin implementation and deliver air quality results. Program guidelines would cap the amount of Prop. 1B funds available for each piece of equipment to ensure that substantial match funding (1:1 or greater) is obtained. Requiring equipment projects to compete against similar proposals for the same source category based on emission reductions and cost-effectiveness will result in the most beneficial projects being funded by local agencies.

Reduction of Air Emissions

The Governor has set as one of his goals the reduction of air emissions by 50 percent by 2010.

15. Can you describe the Administration's plan to reduce air pollution emissions by 50 percent by 2010?

The Administration has focused on the actions necessary to address the most significant air quality issues facing California. Air pollution associated with goods movement dominates both regional air pollution problems and community health risk. Implementation of ARB's Goods Movement Emission Reduction Plan, Diesel Risk Reduction Plan, and SIPs is reducing California's air pollution every year despite continuing growth. ARB is also implementing the Proposition 1B air quality bond program with the goal of achieving the maximum public health benefit. In 2007 ARB adopted a new SIP that doubles the rate of key emission reductions (oxides of nitrogen) over the next few years. These priorities represent the most significant actions needed to reduce the public health impacts of air pollution in California.

16. Given that a large portion of air pollution in California is generated by federally regulated sources (ocean-going vessels and locomotives), to what

extent is the Governor's plan going to rely on air pollution reductions by the federal government? What specific steps would you recommend to achieve the necessary reductions?

While it is true that a portion of transportation related emissions are generated by federally regulated sources, ARB is using its own authority to the maximum extent possible to achieve reductions from these sources. ARB's diesel fleet rules build on US EPA new engine standards, but require early introduction of new engines or retrofit of existing engines. Where California is preempted from regulating federal sources, we are pursuing voluntary agreements in order to achieve the necessary emission reductions. California's SIP also highlights the need for federal funding to address these sources, where federal regulations have not provided the necessary reductions.

Fuels

ARB has taken the position that it is the duty of the board to regulate the emission from the combustion of fuels and set standards for the attainment of air quality standards and not choose between fuels. However, the board has listed diesel exhaust as a toxic air contaminant, and recent research has shown that fine particulate matter in diesel exhaust is able to enter not only individual cells but into the mitochondria within cells.

17. Do you believe that there may be a difference in health effects of the combustion of different fuels? If so, should the board treat fuels that cause differing health effects differently?

Controlling diesel exhaust emissions is a priority to the ARB because not only is this pollutant a significant source of particulate matter (PM), but it also has been identified as a toxic air contaminant (TAC). Exhaust from gasoline also contributes to ambient concentrations of TACs, and we have the nation's most stringent fuel standards to limit these compounds in vehicle emissions. All fuel related sources of PM need to be reduced as much as possible due to their wide-ranging health effects, including respiratory symptoms, exacerbation of lung and heart disease, and premature death. Since the chemical composition of exhaust from varied sources, such as, diesel, biodiesel, gasoline, or CNG-fueled engines, will not all be the same, it is likely that the health effects from exposure to these emissions will also not be the same. At this time the relative toxicity of various sources has not yet been clearly defined and is currently under investigation by the ARB, the Health Effects Institute, the U.S EPA and others. Even so, there is no evidence that any fuel is harmless, which underscores our effort to reduce PM as much as possible.

Nettie Sabelhaus
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In addition, Health and Safety Code Section 43830.8 requires before ARB adopts any regulation that establishes a specification for motor vehicle fuel, a multimedia evaluation be conducted and coordinated by the state board. These evaluations are reviewed by the California Environmental Policy Council established pursuant to subdivision (b) of Section 71017 of the Public Resources Code. Multimedia evaluations consider human health effects and environmental impacts due to potential contamination of air, water, and soil.

Other Sources of Air Pollution

In addition to mobile and stationary sources of air pollution, there are indirect and area wide sources.

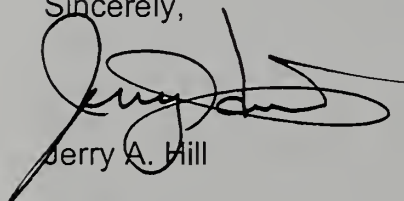
18. What strategies are being considered by the board to deal with these sources of air pollution?

The key areawide source of air pollution under ARB jurisdiction is consumer products. ARB is implementing several phases of consumer product controls outlined in the California SIP. In 2008 the next consumer product measure will be brought to the Board for adoption.

19. Do you believe the board should look at land use decisions that contribute to these types of air pollution?

In 2005 the Board approved a land use guidance document focused on preventing localized air quality impacts in communities. As ARB develops the AB 32 scoping plan this year, the issue of land use policies and decision making will be an important consideration.

Sincerely,



Jerry A. Hill

cc: California Air Resources Board

Nettie Sabelhaus
January 11, 2008
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cc (continued):

The Honorable Don Perata, Chair, Senate Rules Committee
The Honorable Roy Ashburn, Vice Chair, Senate Rules Committee
The Honorable Gil Cedillo, Senate Rules Committee
The Honorable Bob Dutton, Senate Rules Committee
The Honorable Alex Padilla, Senate Rules Committee

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January 11, 2008

Nettie Sabelhaus
 Rules Appointments Director
 Room 420, State Capitol
 Sacramento, CA 95814

JAN 11 2008

Dear Ms. Sabelhaus:

Below are my responses to the questions sent to me by Senator Perata on December 21, 2007. I appreciate the opportunity to introduce myself and share some of my thoughts about the daunting challenges facing California and ARB. I look forward to helping this great state strengthen its environmental leadership.

Goals

1. What do you hope to accomplish during your tenure as a member of ARB? What goals do you have for the board and how will you accomplish them?

As Senator Perata noted in a letter to the Governor (July 3, 2007), the "Air Resources Board has long been a world leader in protecting the environment and public health ... The board's independent, science-based rulemaking has served as a national model." It is for these reasons I consider myself blessed and honored to have the opportunity to help ARB and California forge a path that will enhance the lives of the people of this state, and also serve as a model for others to follow.

While the principal focus of ARB will continue to be criteria pollutants, I intend to focus my time and effort principally on AB 32 and its implementation. We are indebted to the leaders of California for their leadership in adopting AB 32 and its ambitious 2020 target. Now the really hard work begins. Now we need to create a plan that reduces GHGs while maintaining (and strengthening) the economy. It is a daunting task. It requires the cooperation and collaboration of so many people and so many parts of our society and economy. We are just getting started in developing the scoping plan that will guide all future actions. It has taken us decades to develop processes for dealing with air pollution, and now we must do the same with GHG.

I have three goals I intend to pursue at ARB. First, I hope to play a leadership role in crafting an effective and fair plan for achieving the goals of AB 32. I will focus on the transportation and urban sectors, areas I know best, but also on overall strategies and policies and on other sectors as circumstances arise. I hope to bring an increased focus on innovation, both in terms of inspiring the development and commercialization of more efficient and low-polluting technology, but also in terms of creating more efficient and effective institutional practices and arrangements.

Senate Rules Committee

JAN 11 2008

Appointments

Second, I aim to strengthen ties between the research community and ARB. I will focus on leveraging the huge research capabilities at universities and national labs to assist ARB and other agencies. California and all of human civilization is entering uncharted territory in addressing climate change. The more science and creative thinking we bring to the policy process, the better off we will be. I will help connect university and other researchers with relevant government managers in building the State's research capabilities, designing policies and rules, and developing measurement and compliance tools.

And third, I will be a liaison between ARB, environmental groups, and industry. I have strong working relationships with these groups in the area of transportation and energy, and will work with them on land use, transportation, vehicle, and fuel issues.

Climate Change

The Global Warming Solutions Act of 2006 (AB 32, Chapter 488, Statutes of 2006) requires ARB to adopt a statewide greenhouse gas emissions limit, equivalent to the statewide greenhouse gas emissions levels in 1990, to be achieved by 2020. It also requires ARB to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions.

In October 2006, the Governor issued an executive order specifying how the Administration was going to implement AB 32. Since that time, there have been other administrative actions, such as the adoption of other executive orders on low-carbon fuels, agreements with other states and countries, and other actions for which budgetary resources have not been specified or for which little statutory basis exists.

2. How do you view the relationship between AB 32 and Administration directives such as executive orders?

AB 32 is the law that governs how the State of California must tackle the challenge of global climate change. Administrative directives, such as Executive Orders, provide direction in the implementation of the law, but ultimately the Board must be sure that the climate change program conforms to the statute as described in AB 32. The challenge is for a wide variety of government at both the state and local level to work together to design policies to reduce emissions back to 1990 levels. There are many actions that will need to be taken by ARB, PUC, Food and Agriculture, Forestry, and many other state agencies, as well as local and regional agencies. There is certainly a role in this process for a variety of administrative directives in implementing the intentions of AB 32. I would note that because climate policies adopted in California must be consistent and in some cases integrated with initiatives elsewhere, there will undoubtedly be a need for considerable administrative initiative.

AB 32 establishes a series of substantive and process requirements for the evaluation of so-called "market-based compliance mechanisms." The law was carefully crafted to

require direct emission controls, but to make market-based mechanisms like "cap and trade" optional based on meeting certain standards.

3. *The Governor has stated publicly that market-based compliance mechanisms must be a part of AB 32 implementation. Do you agree? Do you feel that you can act independently as a board member in evaluating them and ensuring that they meet the tests established under the law, prior to approving their use?*

I believe the debate over market versus regulatory mechanisms is misleading and obfuscates the real issues. As a practical matter, most policies and rules do not fall neatly into the regulatory and market-based categories. Most are mixes of the two. For instance, the low carbon fuel standard (LCFS) is based on regulation, but includes market mechanisms. Even AB 1493 includes market mechanisms, including the banking of extra annual emission reductions auto manufacturers achieve in the Low Emission Vehicle regulations.

Having said this, I realize that AB 32 includes guidance on developing market-based compliance mechanisms, and for good reason. Apart from my thoughts about the language, I note that the "tests" are absolutely appropriate. There are many issues associated with market-based strategies. Any policies adopted, however they might be labeled, must be the right approaches for California. They should be certain to reduce emissions and should not adversely affect local communities. It is my duty as a Board member to ensure that any program (market-based or otherwise) approved by the Board meets the statutory requirements described in AB 32.

At a higher level, we need to determine philosophically and institutionally how we intend to tackle GHG reduction. Should we follow the elaborate rule-based SIP/AQMD template created over the past 4 decades? Or are there lessons we have learned and are there aspects of GHGs that suggest the need for different approaches? If so, what? I do not know the answers to these questions, but I do know that we need more of a focus on innovation and incentive-based approaches. In any case, I will be asking these questions as we proceed forward.

As far as acting independently, rest assured that I will do so. I have spent over 25 years as an independent researcher. I am the author of 10 books and over 200 technical papers and reports. Through this lifetime of research I have formed a foundation of understandings and insights into how policy works best. I will apply these insights in making independent judgments on all rules and programs that come before me. I will work within the structure of the law, and balance the many factors that go into determining the best possible approaches to pollution reduction.

4. *How should the board evaluate market-based greenhouse gas emission reduction programs? Should the board rely on the standards and public process outlined in AB 32, or the Secretary of the California Environmental Protection Agency's (Cal/EPA) market advisory committee, or a different process to advise the board?*

ARB should adopt policies and rules that lead to the maximum emission reductions that technologically feasible and cost-effective. That is what the law says. The Board must rely on the

standards and public process outlined in AB 32. ARB should draw upon the best expertise, experience, and knowledge available to guide its decisions. The information provided by the Market Advisory Committee is very valuable, but it only addressed a cap and trade program. That Committee's report is just one of many pieces of information that the Board will consider. The Board should consult as many knowledgeable and experienced people as it can on an issue as important as the design of the climate change program. I am assisting ARB staff in availing itself of additional experts as it proceeds into uncharted territory.

AB 32 establishes ARB as the lead agency for implementation of greenhouse gas emission reduction policies. However, the Governor's executive order directs the Secretary of Cal/EPA to coordinate all ongoing efforts related to the implementation of greenhouse gas emission reductions. In addition, agencies such as the California Public Utilities Commission (CPUC) and the California Energy Commission have assumed administrative roles in research and regulatory activities associated with climate change.

5. *What do you believe to be the appropriate relationship between ARB and the office of the Secretary of CAL-EPA with regard to the implementation of AB 32?*

AB 32 lays out roles for both the ARB and Cal/EPA, and specifically directs ARB to consult with CPUC and the Energy Commission. ARB is responsible for developing the Scoping Plan. In order to be successful, the Scoping Plan and the subsequent implementation of AB 32 must involve a number of other state agencies, including the Energy Commission, the Public Utilities Commission, Caltrans, the Department of General Services, the Resources Agency, and the Department of Food and Agriculture. Cal/EPA is playing a critical role in coordinating these other agencies in the development of the Scoping Plan and ensuring that their experience and expertise are reflected.

Everyone at ARB understands that ARB by itself cannot and will not be successful in achieving the goals of AB 32 if it acts on its own. Many if not most GHG policies and programs will need to be administered by other agencies. It is imperative that ARB form close partnerships and be in continuous communication with other agencies -- and not just on the state level. It is doing exactly this. I myself serve on the land use subcommittee of the Climate Action Team (LUSCAT), which is chaired by the CEC chair and includes members of other agencies.

6. *How do you view the role of your board versus that of agencies like the CPUC in implementation and enforcement of AB 32?*

AB 32 gives ARB the lead role in the implementation of California's climate program. However, other agencies -- both at the state and local level -- are critical to the success of AB 32. Some of the programs (regulatory and otherwise) that we will likely rely on will be developed, adopted, implemented, and enforced by other state agencies.

Low Carbon Fuel Standards

The Governor has issued an executive order directing the ARB to adopt a low-carbon fuel standard (LCFS). The board has adopted the standard as an "early action measure" under AB 32, thereby requiring it to be adopted and enforced before January 1, 2010. You are identified as a lead member of the research and development of this regulation and presumably are being compensated by the ARB for your work in this area.

7. *Do you see any conflict between your role as a member of the ARB that must rule on the adequacy of the LCFS rulemaking and as a researcher and proponent of the LCFS?*

I am ever vigilant of potential conflicts of interest, but in this case I do not see any conflicts. I am not receiving any compensation in any way whatsoever for the LCFS. I am not compensated by ARB for my work on this rule. I receive none of the modest funding received by UC Davis for work on this rule (from Energy Foundation and soon from ARB).

The ARB lawyers prepared a legal brief on this issue of conflict of interest, and found none. I provided that to Mr. Kip Lipper in spring 2007.

Finally, I want to make it clear that I am not a proponent of the LCFS in the sense of being a self-interested advocate. I agreed to help with the LCFS at the outset because I believed from the start that it was a very promising policy approach (and I still do). I proposed a rule similar to the LCFS as far back as the early 1990s. I am strongly supportive of the proposed LCFS rule based on knowledge and expertise, not based on any self-interest.

Note that I am vigilant in identifying possible conflicts. For instance, I have recused myself from Board votes on research awards to UC Davis. I will continue to be scrupulous in avoiding other conflicts as they might arise.

8. *Please describe the details of the low-carbon fuel standard. Can it be implemented without compromising clean air? Will it rely on corn-based ethanol or cellulosic ethanol?*

The LCFS aims to reduce GHGs associated with transportation fuels. ARB is now in the rulemaking process with the LCFS. The University of California report that I co-authored recommended a 10% reduction per unit of energy by 2020. It recommended that oil companies (refineries, blenders and importers) be the point of regulation, rules be performance-based using lifecycle metrics, trading be allowed between fuel providers, and special attention be given to sustainability impacts. It is my intent, and everyone I know and work with at ARB, to design and adopt LCFS rules that not only reduce GHGs, but also improve the overall environment, including reductions in local air pollution. As for ethanol, the LCFS is being designed to be fuel neutral and to gain the largest emission reductions at the least cost. The quantity of corn and

cellulosic ethanol that emerge will depend on how businesses respond to the performance standards and rules that will be put in place. My personal hope and expectation is that the LCFS will stimulate innovation into and adoption of a wide range of low-carbon fuels, including biofuels, hydrogen, and electricity.

State Implementation Plan

- 9. *The 1990 federal Clean Air Act requires states to submit state implementation plans for areas that do not meet federal air quality standards. The State Implementation Plan (SIP) for ozone or ground-level smog covers 17 of these areas from San Diego to the northern Sacramento Valley. The areas are required to reach federal ozone standards between 2007 and 2014.***

This question seems to be an overview statement for the following question, and therefore does not appear to need a response.

- 10. *What is the status of the SIP? What needs to be done to achieve federal air standards?***

The California SIP is a comprehensive set of air quality plans, regulations, and programs being implemented to address multiple health-based ambient air quality standards on a regional basis. In 2007 ARB adopted updated regional air quality plans for the South Coast and San Joaquin Valley air districts for inclusion in the California SIP. Regional air quality plans will be updated over the next several years to address revisions to federal air quality standards and to incorporate new scientific information, technologies, and innovations.

The reality, though, is that adverse meteorological and topographical conditions in the South Coast and San Joaquin areas make it very difficult to reduce ambient pollution. Thus, in a larger sense, we need to spur more innovation at all levels and in all ways. ARB has made great progress largely through end-of-pipe policies and rules. With remaining reductions in criteria pollutants more difficult, and now with the need to reduce greenhouse gases and energy use, new approaches are needed. We need to continue pressing toward zero emission vehicles (along the entire energy cycle); more efficient buildings, appliances, vehicles, and factories; more efficient use of energy generally; and more energy efficient forms of land use. We need new approaches that motivate companies and individuals to take more responsibility for their actions and behavior.

Earlier this year, ARB requested and the federal Environmental Protection Agency approved the extension of the ozone deadline for the San Joaquin Valley by 11 years, from 2013 to 2024. ARB recently pledged to achieve a 90 percent compliance with the federal ozone standard by 2017.

- 11. *How much longer after 2017 is needed to achieve the remaining 10 percent compliance? Can it be done prior to the 2024 deadline? If so, should the***

deadline be accelerated to an earlier date? What types of air pollution sources should be targeted in order to achieve the remaining 10 percent?

The overarching goal must be to press for continuing improvements in air quality. The staff of ARB and SJ District have made good progress in identifying rules and programs to reduce pollution. ARB staff's technical assessment indicates that 90% of the gap will be met in the San Joaquin Valley in terms of the current federal 8-hour ozone standard by 2017. Given continuing population and economic growth, this is impressive. The expected reduction in pollution will result in almost all locations meeting the ambient standard almost all the time by 2017. Of course, more improvement is possible and desirable, and every reasonable effort must be made to reduce emissions still further. This will be done through the SIP implementation process. I support and encourage them in pursuing further improvements.

Ports Communities and Goods Movement

The emissions from ship and terminal operations and the diesel exhaust from trucks and locomotives that move goods out of the ports are concentrated in and around ports and the adjacent neighborhoods. It is estimated that by 2020 the majority of pollution associated with goods movement within the state will be from sources (oceangoing vessels, locomotives and interstate road traffic) over which the state does not have jurisdiction.

12. What means are available to ARB to address air pollution related to goods movement, given the state's limited regulatory authority over many sources of that air pollution, such as locomotives, oceangoing vessels, and interstate road traffic? How can the state achieve needed emission reductions if the soon-to-be largest emission sources (oceangoing vessels and locomotives) are out of the control of the board?

ARB can and is pursuing three approaches: vigorously and aggressively pursue actions for which it has direct regulatory authority (such as with drayage trucks, shore power for ships, and cleaner fuels for harbor craft); employ financial tools made available to us to help leverage changes (such as the Moyer program, Proposition 1B bond funds, and eventually AB 118 funds); and pressure the federal government and even international organizations to deal with activities outside the jurisdiction of California and ARB (especially ships and planes).

Direct regulatory actions taken recently by ARB include a series of measures that focus on reducing diesel emissions from trucks and ships, with more on the way in 2008. Many of these regulations require engine replacements and retrofits (with Proposition 1B funding helping in terms of early compliance, especially cleaning up the state's 20,000 drayage trucks). ARB estimates that this regulation alone will prevent 1,200 premature deaths from 2009 through 2020, with benefits being the most dramatic in the communities where port trucks are heavily concentrated.

ARB will be voting at the next board meeting to allocate more than 75 percent of the overall \$1 billion in Bond 1B funding to reduce diesel pollution from trucks associated with goods

movement around the state. The remaining 24 percent of funding, \$240 million, will be earmarked for diesel emission reductions from ships, harbor craft and locomotives.

ARB is also working with the United States Environmental Protection Agency to adopt stringent standards for marine and locomotive engines and to implement these standards as soon as feasible.

13. *How has ARB been addressing the health effects of pollution from the movement of goods, especially port communities? What plans does the board have to address the health effects of pollution in these port communities?*

Before I joined ARB, it conducted a health risk assessment (HRA) for the Ports of Los Angeles and Long Beach in 2006 to understand the health risks associated with goods movement at ports. ARB is currently conducting an additional HRA for the Port of Oakland. These HRA's find significant health risks from port-related diesel particulate matter. In 2006, the ARB also adopted the Emission Reduction Plan for Ports and Goods Movement which estimated the public health impacts of the goods movement system in California and outlined several strategies to reduce that risk by 85 percent by 2020. Many of the strategies outlined in that Plan have already been adopted by the Board (see #10 above).

14. *If emission sources cannot be reduced enough to protect the health of adjacent neighborhoods, what other recommendations would the board make to curb the adverse effects of air pollution caused by goods movement?*

ARB is committed to aggressively and vigorously pursuing a wide range of options. The goal is to reduce emissions and protect public health in all neighborhoods as quickly as possible. ARB is trying to accelerate the use of cleaner technologies for vehicles, ships, and port equipment, including voting at the next board meeting to target the use of Proposition 1B funds for use at ports. In the larger sense, ARB needs to work with others, public and private, to devise policies and strategies that motivate innovation into cleaner technologies and cleaner operational practices. These innovations are institutional as well technological, involving better coordination and partnership between ports, air quality districts, ARB, transportation agencies, and federal and international agencies and trade groups. The eventual goal should be to nearly eliminate pollution. This is a realizable goal.

15. *What does increased goods movement mean for the SIP? Will further amendments be needed?*

More goods movement means more potential emissions. Further amendments will be needed as we learn more about growth in activity and improvements in technology. The SIP takes into account anticipated increases in goods movement and will substantially reduce future emissions, even with growth. SIPs for California's extreme ozone non-attainment areas include provisions

to identify additional emission reductions needed by the attainment deadline. Goods movement, transportation generally, and other sectors will be further evaluated for additional emission reduction opportunities.

Transportation Bond Funds

The transportation bond approved by voters in November 2006 (Proposition 1B) allocates \$1 billion to ARB for emissions reductions from activities related to the movement of freight along California's trade corridors. The 2007-08 state budget funds the initial \$250 million to invest in projects intended to improve air quality related to the movement of goods along four major transportation corridors: from the Los Angeles ports to the Inland Empire, State Route 99 in the Central Valley, the San Francisco Bay Area, and the San Diego border region.

16. What criteria should guide ARB's allocation of Proposition 1B funds among competing projects? How should the board balance policy criteria such as cost-effectiveness, environmental justice considerations, maximizing emissions reductions, and maximizing the benefit to human health?

Senate Bill 88 provides an extensive list of criteria that the Board will consider in allocating funding. Key factors include the ability of projects to quickly reduce emissions, health risks in impacted communities, and ability to leverage non-State funding. Setting funding targets for each region and source category will allow the Board to allocate funding in proportion to the impacts of goods movement and to prioritize funding for the sources presenting the greatest health risks. Cleaner trucks will benefit multiple corridors as they travel throughout the State.

For the \$250 million appropriated in the FY2007-08 budget, the Board will prioritize proposals from local agencies within each corridor according to competitive criteria, then consider the funding targets and allocate funds to local agency projects that can quickly begin implementation and deliver air quality results. Program guidelines will cap the amount of Proposition 1B funds available for each piece of equipment to ensure that substantial match funding (1:1 or greater) is obtained. Requiring equipment projects to compete against similar proposals for the same source category based on emission reductions and cost-effectiveness will result in the most beneficial projects being funded by local agencies.

Reduction of Air Emissions

The Governor has set as one of his goals the reduction of air emissions by 50 percent by 2010.

17. Can you describe the Administration's plan to reduce air pollution emissions by 50 percent by 2010?

The goal of 50 percent reduction by 2010 is an admirable and important goal, reflecting the desire to reduce pollution as fast as possible. In those locations in the South Coast and San Joaquin areas with especially severe pollution, this goal is especially critical. Efforts should target those areas. ARB is working in partnership with other agencies, businesses, and the respective AQMDs to do exactly that.

Other than sources outside the control of the State, the most difficult and important pollution sources are those associated with goods movement. Implementation of ARB's Goods Movement Emission Reduction Plan, Diesel Risk Reduction Plan, and SIPs is reducing California's air pollution every year, despite continuing growth. The new SIP adopted by ARB in 2007 doubles the rate of reducing oxides of nitrogen. ARB will be soon using Proposition 1B funds to expedite reductions.

18. *Given that a large portion of air pollution in California is generated by federally regulated sources (oceangoing vessels and locomotives), to what extent is the Governor's plan going to rely on air pollution reductions by the federal government? What specific steps would you recommend to achieve the necessary reductions?*

ARB is not just waiting for EPA and the federal government to act on federally regulated sources. ARB adopts aggressive rules where it has authority to achieve reductions from these sources. ARB's diesel fleet rules build on US EPA new engine standards, but require early introduction of new engines or retrofit of existing engines. ARB uses financial incentives where they are available, and works with other agencies, the federal government, and international organizations where necessary. I know Chairman Nichols is working closely with EPA, our Attorney General, and the Governor to push the federal government to take more initiative and more responsibility for sources not under California's jurisdiction.

Fuels

ARB has taken the position that it is the duty of the board to regulate the emission from the combustion of fuels and set standards for the attainment of air quality standards and do not choose between fuels. However, the board has listed diesel exhaust as a toxic air contaminant, and recent research has shown that fine particulate matter in diesel exhaust is able to enter not only individual cells but into the mitochondria within cells.

19. *Do you believe that there may be a difference in health effects of the combustion of different fuels? If so, should the board treat fuels that cause differing health effects differently?*

Yes, there are definitely differences. In general, the Board should aim to develop uniform performance-based rules, monitoring closely the health effects of those rules and making adjustments when the evidence suggests the need to do so. Sometimes there are unique considerations. I have been very impressed in my past 10 months on the board by the extreme

responsiveness and diligence of the staff and board in being alert to these unique circumstances. I note that in the past, ARB has removed lead from gasoline, developed new formaldehyde standards, and targeted toxic emissions.

In addition, as required by State code, before ARB adopts any regulation that establishes a specification for motor vehicle fuel, it conducts a multimedia evaluation. Multimedia evaluations consider human health effects and environmental impacts due to potential contamination of air, water, and soil. As ARB pursues implementation of the low carbon fuel standard, it will expand these evaluations to include the full range of sustainability impacts of new fuels and the resources used to produce them.

I note that ARB is well prepared to take on these broader assessments. It is the most technically sound and responsive agency I have ever worked with.

Other Sources of Air Pollution

In addition to mobile and stationary sources of air pollution, there are indirect and area wide sources.

20. What strategies are being considered by the board to deal with these sources of air pollution?

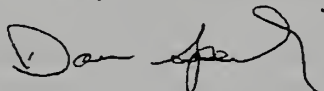
As I understand, the key indirect sources are related to land use and the key area sources are related to consumer products. ARB is implementing several phases of consumer product controls as part of the SIP process, with further measures planned to be brought before the Board in this year. Land use control is largely under the jurisdiction of local governments and agencies. With the statutory target of AB 32, it is necessary to reduce GHG emissions across the economy. To do so requires new policies and stronger political will. It requires ARB to work more closely with local governments (and regional agencies, NGOs, and business groups) on land use and vehicle travel. As noted in my response to the next question, ARB is participating actively in the land use subcommittee of the Climate Action Team (LUSCAT). I am personally active in that process. We are exploring a range of policy options.

21. Do you believe the board should look at land use decisions that contribute to these types of air pollution?

Yes. But at the same time, it must be understood that land use control is a local prerogative. In 2005 the Board approved a land use guidance document focused on preventing localized air quality impacts in communities. Much more needs to be done. The State needs to create a process that encourages cities and counties to take GHG emissions into account when making land use and transportation decisions. ARB is working with other agencies and with local governments through LUSCAT. I've taken a personal interest in helping move this discussion forward. I am a member of LUSCAT, and have facilitated the creation of a team from University

of California to work with the LUSCAT, ARB, and Caltrans to support the LUSCAT effort to develop policies to reduce land use-related emissions.

Sincerely,



Daniel Sperling
Professor and Director

cc:

The Honorable Don Perata, Chair
Senate Rules Committee
State Capitol, Room 205
Sacramento, Ca 95814

The Honorable Roy Ashburn, Vice Chair
Senate Rules Committee
State Capitol, Room 3063
Sacramento, Ca 95814

The Honorable Gil Cedillo
Senate Rules Committee
State Capitol, Room 5100
Sacramento, Ca 95814

The Honorable Bob Dutton
Senate Rules Committee
State Capitol, Room 5094
Sacramento, Ca 95814

The Honorable Alex Padilla
Senate Rules Committee
State Capitol, Room 4032
Sacramento, Ca 95814

Kathy Lund

CALIFORNIA STATE MINING & GEOLOGY BOARD

SENATE CONFIRMATION QUESTIONS

Please provide a brief statement of your goals. What do you hope to accomplish during your term on the State Mining and Geology Board? How will you measure your success?

When I was asked to serve on the State Mining and Geology Board I gave it much thought. I had just won re-election to the Rocklin City Council. I was serving as Mayor, and I held a seat on the Sacramento Area Council of Governments, (SACOG). My life was in a good place. But, I decided to give up my SACOG seat and serve at the state level. I really had no agenda.

Now, I would have to say my goal would be to work to provide funding for the board. I even have a suggestion or two.

The board should be able to keep the fines they collect in order to complete the tasks assigned to them. I know you have larger state budget problems, but this needs to be addressed.

Success would be measured by how much of the above I could help accomplish.

I am still learning about the "Geology" responsibilities of the board. I do know there is a sub committee made up of very qualified geologists looking at regulations regarding vault lines and development.

2. What training have you received to assist you in undertaking your responsibilities as a board member? Have

Senate Rules Committee

DEC 20 2007

you received any training to help you when you might have a conflict of interest? Who is available to help you understand specific issue areas?

In the early 90's Robert Collette wanted to build a gravel mine in Placer County. The mine was to be located in the Rocklin area. The citizens of Rocklin were very unhappy with this decision. The board of supervisors supported the mine. I was serving as Mayor at the time. I worked with the city staff, the county staff and with Mr. Collette to come up with an answer to solve most concerns. We annexed the property into Rocklin, they had their mine, and now the entire site is reclaimed with houses, schools, parks and commercial. I learned much during this process. Some of it I would like to bring to the board.

I have served on the Rocklin City Council for the past 22 years. I have received training from the National and State Leagues of Cities to help me in those instances that I might have a conflict of interest. I have also attended city sponsored sessions on ethics and conflicts of interest. Years ago, I attended training sessions at the FPPC.

Our family owns an underground construction company, Lund Construction. The offices are located in North Highlands. Because we do work for developers all over the region, my husband has taken very little work in Rocklin, to avoid the appearance of a conflict. These same developers come before the Rocklin City Council. When they do, I abstain on their projects. Also I do not work for Lund Construction. I believe I have followed the conflict rules very closely. One of my goals as a councilmember and as Mining and Geology Board Member is to stay out of the Fair Political Practices Bulletin. If something is even questionable, I will abstain, rather than make a bad choice.

How do you propose prioritizing the board's numerous responsibilities along with implementation of an ambitious strategic plan?

I believe the board's top priorities, at this time, are: improving lead agency performance under SMARA; implementing vested rights determinations when the board is serving as a lead agency under SMARA; resuming the State's mineral land classification and designation program; re-evaluating and revising the Alquist-Priolo Earthquake Fault Zoning Act; and acquiring adequate funding for the

board to fulfill its mandate and legislative intent. The responsibilities of serving as the vested rights hearing board, with not enough funding, is going to make this harder to accomplish.

Has the board been able to deal with these additional responsibilities adequately given limited staff?

Our staff does an outstanding job given the amount of work they have to do. I needed to make a power point presentation about my job on the board. I was reluctant to ask for staff help because of the limited time they have.

In the early 1990s SMGB had a staff of 4 to 5 people. But the staff was relocated and since that time the board has not had any staff with the exception of the Executive Officer and a secretary.

This past year the Executive Officer was out inspecting mines. It seems to me that this is not a good use of his time. I believe we might have taken care of the matter for now. But with the budget cuts, I fear we could lose people again.

The Board, in my opinion, should have its own line item in the budget. However, I realize that state income is down, and now is the time for cuts, not expansion. The legislature has hard decisions to make over the next few months.

What role should the board play in seeking a balance between local control of land use and an increasing statewide need for aggregate? How do you balance the competing interests for an adequate supply of aggregate and local communities' resistance to such operations?

Last year the board tried to get legislation passed giving the SMGB control of land use when the parcel was identified as being a possible aggregate source of regional significance, (designated mineral lands). This upset many local elected city council members and county supervisors. I heard from many of them before I had attended even one meeting of the Mining and Geology Board.

I believe that the board needs to work with the League of Cities and the California State Association of Counties in order to find a solution which will allow local control, while at the same time protecting aggregate sources. I am hoping my experience as a city council

member will be a help in this process. I believe this can and should be worked out between the affected parties.

We should be able to work together to enable the extraction of aggregate, followed by reclamation using the entities general plan.

Do you believe there should be consequences for encroachment on designated mineral resource land?

This is an interesting concept that I had not thought of before. I suppose it would depend on who owned the land. If the government owned the land, there probably should be. However, if the land is held by private individuals or corporations, there probably should not be.

The use also needs to be taken into consideration. In the Palm Springs area, some of the aggregate land is taken out because it is used for windmills. I guess someone would need to judge which is more important.

CALIFORNIA LEGISLATURE

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NETTIE SABELHAUS
APPOINTMENTS DIRECTOR

SENATE RULES COMMITTEE

DON PERATA

CHAIRMAN

November 26, 2007

Thomas J. Moran

Dear Mr. Moran:

The Senate Rules Committee will conduct a confirmation hearing on your appointment to the California Veterans Board on Wednesday, January 23, 2008. You are not required to appear, but we request that you respond in writing to the following questions. Please provide your responses by December 17, 2007.

We would also like to receive an updated Form 700, Statement of Economic Interest, by December 17th.

Statement of Goals

1. *What goals and objectives do you hope to accomplish during your tenure as a member of the California Veterans Board? How should we measure your success?*
2. *What experience do you bring that will be of value to the California Veterans Board?*

Roles and Responsibilities

Section 72 of the Military and Veterans Code states that the California Veterans Board shall determine the policies for all operations of the Department of Veterans Affairs (DVA). The board also acts as an appellate body for veterans who wish to appeal a ruling made by the department. Yet it has few staff of its own, relying almost entirely on the DVA for its information.

Thomas J. Moran
 November 26, 2007
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In June 2003 the California state auditor issued a report on the California Veterans Board. The report noted that in February 2003 the DVA tried to challenge the board's authority and characterize the role of the board as "advisory."

3. What training have you received for your role as a board member?
4. Do you view the role of the Veterans Board as one of policy setting for the DVA or advisory? What is your experience with how the DVA views the board's role?
5. *Could you give an example of a policy the board has set for the department in the time you have been a member?*

The report also says the board lacks independent legal counsel, and that using DVA's lawyers in rulings on appeals of the department's decisions may introduce a conflict of interest. At the December 7, 2006, meeting the board decided that when developing policy it would utilize the DVA's legal counsel for assistance. However, when hearing an appeal the board will conduct the hearing on its own without legal counsel. Only when the board determines that the hearing is especially difficult will it ask for outside independent counsel.

6. *In the last year has the board had the opportunity to utilize this policy? Has this policy changed?*
7. *How do you stay informed of living conditions and staffing issues at the veterans' homes in Yountville, Barstow, and Chula Vista?*
8. *Many inmates who parole from the California Department of Corrections and Rehabilitation are veterans. Does the board play a role in monitoring the services they receive on parole or how veteran services might be provided to parolees? If not, why not?*

Yountville Alzheimer's/Dementia Unit

The new Yountville Memory Care Center, which will ultimately serve 75 patients, was originally scheduled to open in July 2006. However, due to building and inspection problems, it opened in August 2007. The center was scheduled to begin receiving veterans in October 2007.

9. *How many veterans currently reside and receive care in the center? When do you envision the center operating at capacity? Have there been any successes or challenges in these beginning months of operation?*

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Homeless Veterans

While veterans make up 11 percent of the adult population, the National Alliance to End Homelessness estimated that 26 percent of the homeless in the United States are veterans. In California there are more than 49,000 homeless veterans.

10. *Has the board addressed this issue since you became a member?*
11. *What recommendations has the board given the department in trying to assist homeless veterans?*

CalVet Loans

Through the CalVet Home Loan Program, the department provides California veterans loans to purchase farms and homes. The number of CalVet loans issued has vacillated greatly over the last eight years. In 2000-01, 2,752 loans were issued. In 2001-02, 954 loans were issued, and in 2006-07, 921 were issued.

12. *How does the board monitor the CalVet loan program?*
13. *Do you believe the loan program is adequately providing California veterans with lower cost loans? What changes, if any, would you recommend to make the program more effective?*
14. *As California and the rest of the country are experiencing a housing crisis with increased foreclosures, has the CalVet Home Loan Program experienced any related problems? Do you anticipate an increase in CalVet Home Loan applications because of the difficulty in securing new mortgages from traditional private-sector lending sources?*

Veterans' Homes

On December 7, 2006, the DVA received the deed from the federal government to over 13 acres of land in West Los Angeles that will be used to build a new 400-bed veterans' home. The department is also building new homes in Lancaster, Ventura, Fresno, and Redding.

15. *Were lessons learned from the building and inspection issues at the Yountville Alzheimer's/Dementia Unit that are transferable to the new veterans' homes that will be built soon?*

Thomas J. Moran
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16. *What role does the board play in monitoring the status of federal matching funds and projected construction start dates on proposed new veterans' homes?*
17. *Does the department seek the board's advice on any changes in policies with respect to admittance of veterans to a veterans' home, definitions for the levels of care provided by the department at the homes, or other regulations that might impact the board's authority over the appeals from veterans who were denied admittance to a veterans' home? Please provide examples.*
18. *When are the homes in West Los Angeles, Lancaster, Ventura, Fresno, and Redding scheduled to open?*

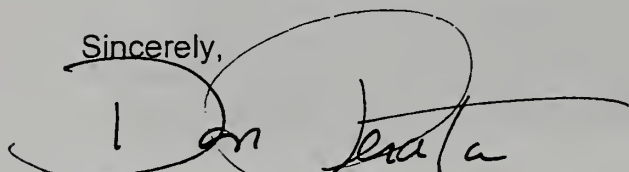
New Veterans

19. *Are there any policies, programs, or initiatives you believe the state should be implementing to help the younger generation of veterans created post-9/11? What mental health programs or policies is the board considering or believe the state should consider for these new veterans?*

Please direct your responses to Nettie Sabelhaus, Rules Committee Appointment Director, Room 420, State Capitol, Sacramento, CA 95814.

Thank you for your assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Perata", with a large, stylized loop at the end.

DON PERATA

DP:BH

c: California Veterans Board

CONFIRMATION HEARING FOR THOMAS J. MORAN
RESPONSE TO THE
SENATE RULES COMMITTEE QUESTIONNAIRE

1. During my tenure as a member of the CDVA Board I hope I will be able to assist in the improvement of Veteran services in all areas, to all veterans. I would hope that I could make an impact on improvement to the Health and education benefits offered to veterans. I will work to have the Congress pass HR 3997.

As only one member of a Board I have no idea how my success can be measured, rather it is the success of the Board, the Department and the Legislature that is the measure of success.

2. I am a career Naval Officer and Aviator. I served as a volunteer Patient Advocate for eight years at the Palo Alto Veterans Administration Hospital. I have a working knowledge of the California Veteran Home Loan Program through my 30 years of real estate experience. I see changes to the program that could improve the availability of the program greatly.

3. I received a comprehensive full day orientation at the Department Headquarters by the Department Staff. This was a very thorough briefing on the functions of the various Divisions and the Board. The orientation clearly demonstrated the close relationship necessary between the Board and the Department to carry out our mutual mission to veterans.

4. Under Section 72 of the Military and Veterans Code, the Board sets policies for the Department. Under Section 78, the Secretary carries them out. The Board consists of volunteers; the Department contains the professionals in each area of veteran services. The Board must work cooperatively with the Department to ensure that the Governor's policies, as enacted by the legislature, are carried out. In some respects the roles are identical; address the needs of California Veterans and carry out the Military and Veterans Code. The Board can also be viewed as an extension of the Department and the Governor's Office.

Senate Rules Committee

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Appointments

5. Concern had been expressed by residents of a Veterans Home regarding the discharge of a Non-Veteran Spouse upon the death or discharge of the Veteran by the Home. At the August 2007 meeting the Board adopted Policy C-14 to clarify the circumstances under which a discharge would be appropriate.

6. The Board has not heard an appeal for over eighteen months. So the policy referred to has not been tested. I do not see a conflict as the Department and the Board are routinely in concurrence on legal matters. In case of an appeal the Board can use the Department Chief Counsel for procedural matters that do not bear on the merit of the pending matter. The Committee should understand the three types of appeals. A "reviews of Records appeal involves no testimony. The Board reviews the pertinent records and makes a decision. An "Informal Hearing" consists of a meeting of the veteran and the Board to discuss the issue of the appeal. A "Formal Hearing" is one in which testimony is taken and is more like an Administrative Proceeding. The Board may conduct any of these hearings. Several appeals have been resolved by the Department requiring no action on the part of the Board.

I envision that only a "Formal Hearing" as an area in which the Board may require legal assistance on matters of law, policy or regulation. Even in such a case it would be rare that consultation with the Department Chief Counsel could be perceived as a conflict of interest. If the Board, in the case of a Formal Hearing, felt the need for independent counsel to be employed, the Governor's Legal Staff or the Attorney General's Office could be requested to provide such assistance.

7. The Allied Council Chair of a representative from each Home routinely attends the Board meetings. Bi-annually the Board meets at each of the Homes and a "public comments' area is on each agenda. This encourages frank discussion from the members of the Homes as well as others. Board members tour the homes separately or as part of events. The Department provides updates on the Homes to the Board in writing at each meeting.

8. The United States Department of Veteran Affairs maintains full time coordinators in each of the VISN's. These coordinators work with the incarcerated and paroled veterans. I do not view a role in this matter for the Board.

9. There are currently approximately 40 residents in the Yountville Memory Care Center. It is scheduled to be at capacity next year if budget constraints permit. I personally attended the dedication and opening of the unit. The Department regularly reports to the Board on construction and operational issues at each of the Homes as well as those under construction. No unusual problems have developed with the Memory Care Unit since last year when an improperly install floor delayed the opening.

10. The Board encourages the use of "Stand Downs" and other outreach efforts to reach homeless veterans who may be eligible for admission to one of the Homes. Some success has been achieved in this effort. The DVA has arrived at the same estimate of 25% of the homeless being veterans. The findings highlight the need to provide veterans with proper health care, housing and support services to prevent homelessness from occurring. CDVA Veteran Services Division has established a comprehensive plan to promote awareness of the Homeless Veterans Programs in the State by providing technical assistance through the media and Veteran Service Organizations and other entities. At the December Board meeting the Department made a presentation of the program with the statistics to the Board.

11. The Board has not found it necessary to make recommendations as the Department is taking all possible steps within its ability and resources available. Refer to my answer to question number ten, above.

12. At each meeting the Board receives a report on the CalVet Loan Program. The Business Plan and other significant items have been presented to the Board.

13. Currently the loan program is not adequately providing veterans with lower cost loans. Funds are not available to provide needed loans. The Board has, and is, lobbying for the passage of federal legislation that would expand the availability of QVMB loans to younger veterans. The ability to permit the refinancing of a loan under the CalVet Program would also be a great enhancement. This is a change I referred to in my answer to question number two.

14. Foreclosures have increased but not that of the industry averages. The reason is that the CalVet Program is the contract holder and has better controls over the loan. Applications are controlled by the availability of funds as much as the marketplace. The solution to expanding funds and applicants is the passage of HR 3997. Again, the Board has lobbied for its passage.

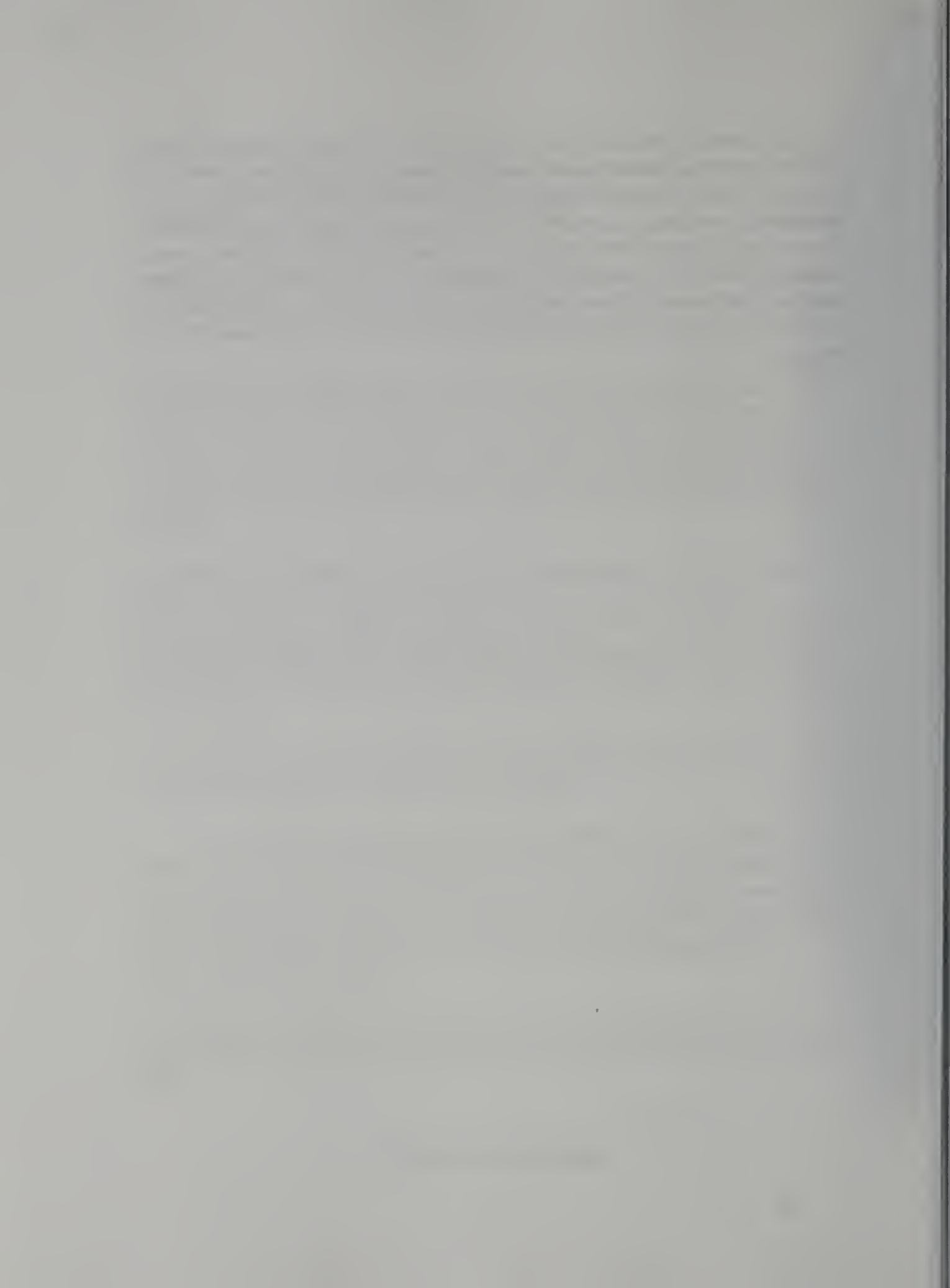
15. DGS is the Department that oversees construction. The CDVA is a client of DGS. The Department needs to take a more active role in construction progress. This is being addressed in the construction of the new Homes by bringing Staff in earlier (Plant/facilities manager for West LA is now on site). Headquarters Staff will make more frequent visits to the sites of construction.

16. Upon the request of the Board monthly reports on the Homes construction progress is received by the Board.

17. The Board has requested reports on important issues, such as the financial screening policies for prospective members, and on other issues such as how admissions are handled. In one case, a prospective veteran was denied admission to a Home. The Board held a hearing and overturned the denial. The Board carries out its adjudicatory responsibilities with independence and fairness.

18. The Homes in West Los Angeles, Fresno and Redding are scheduled to open in 2010. Lancaster and Ventura Homes are scheduled to open in April 2009.

19. This question consists of two separate parts. First part speaks to help for younger veterans. Exemption of college tuition for returning veterans would be a big benefit. Also more assistance in obtaining employment in a meaningful occupation is needed. The second part relates to mental health of returning veterans. The incidence of mental health problems is of great concern. The DVA is to hire additional mental health professionals in their VISN's. The National Guard troops returning from service in OIF/OEF should be screened. This should be the focus of the state policies and programs.



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26 Evelyn J. Mizak
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APPEARANCES

MEMBERS PRESENT

SENATOR DON PERATA, Chair

SENATOR ROY ASHBURN, Vice Chair

SENATOR GIL CEDILLO

SENATOR ROBERT DUTTON

SENATOR ALEX PADILLA

STAFF PRESENT

GREG SCHMIDT, Executive Officer

PAT WEBB, Committee Secretary

NETTIE SABELHAUS, Appointments Consultant

BILL BAILEY, Consultant to SENATOR ASHBURN

DAN SAVAGE, Consultant to SENATOR CEDILLO

CHRIS BURNS, Consultant to SENATOR DUTTON

BILL MABIE, Consultant to SENATOR PADILLA

ALSO PRESENT

RENEE E. ZITO, Director
Alcohol and Drug Programs

TONY ANDERSON, Executive Director
The Arc

ROBERTA ACHTENBERG, Member
Trustees of the California State University

PETER G. MEHAS, Ed.D., Member
Trustees of the California State University

LILLIAN TAIZ, President
California Faculty Association



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P-R-O-C-E-E-D-I-N-G-S

--ooOoo--

CHAIRMAN PERATA: We have an actual quorum, and our first appointee is Renee Zito.

Ms. Zito, come forward. Welcome. Feel free to say something or not. Of course if you don't say anything, you sure couldn't be in the Senate.

[Laughter.]

MS. ZITO: Why don't I tell you a little bit about myself.

CHAIRMAN PERATA: Please.

MS. ZITO: And so you can get to know me a little bit better.

I have worked in the field of addictions for 30 years. Thirty years ago next month, I went into Hazelden, a counsellor training program out in Minnesota. And I spent a year in training. My husband was back in New York, and I was out in Minnesota, going through the training.

And I did it because I knew at that point that I wanted to work in the field. And at that time, 30 years ago, there was very little training for people who wanted to work with addictions, and Hazelden was one of the ones. And I wanted to make sure that I had all of the -- the capabilities of being able to do it, the training. So, I did that, and ever since then, I have worked in the field.

My record is an interesting record. I've had three jobs in 30 years. My -- when I came out of training, I was hired at Smithers Center in New York City. And I was a

1 counsellor, then became senior counsellor, and then was made
2 Director of Treatment. And I was in that facility for 15 years,
3 and I thought I was going to be there forever.

4 And Hazelden came to New York and offered me --
5 offered me a job, made an offer that I really couldn't refuse.
6 And I became Executive Director of Hazelden in New York. At
7 that point, it was a resident -- it was a halfway house, really.
8 And I was there for six-and-a-half years. And in that time when
9 I left, it was residential treatment, day treatment, evening
10 outpatient, family program, and a halfway house.

11 I came to California in 2000 for a lot of
12 reasons. One of them was to actually get into -- I was
13 changing -- I thought I was changing careers, and I was going
14 to -- my childhood friend offered me -- she had started a
15 business, manufacturing silks based on the sacred sites of the
16 world, and asked me to be her partner. And I thought, well,
17 that would be something interesting. And so, I came out to
18 California and worked with her for about three months and
19 realized that was not what I wanted out of my life. I am a
20 social worker. I am a people person, and that's what I'm
21 comfortable doing.

22 And so, I was -- we moved to California, and I
23 got a job at Marin Services for Women, where I was at for about
24 six-and-a-half years. And there were some wonderful
25 accomplishments that happened as a result of being there. This
26 was another treatment -- when I was employed at Marin Services
27 for Women, they were literally a little Mom-and-Mom agency in
28 downtown Larkspur. They had 12 beds, all county funded. There

1 were waiting lists to get in. It was very simple, a little
2 12-bed residential facility.

3 And when I left in February -- in January of
4 2007, we were a facility that had 40 beds, 10 every whom could
5 have a child five and under in treatment with them. We had a
6 full-blown day treatment, evening outpatient, family program,
7 transitional housing, and transitional housing for women with
8 children.

9 When I received the phone call from the
10 Governor's Office in February --

11 CHAIRMAN PERATA: You should have hung up.

12 [Laughter.]

13 MS. ZITO: No. And it was -- it was very
14 exciting. I mean, it was scary. It was like, my Lord, you
15 know, that's a big department, and all that money, and all the
16 rest of it.

17 And then I just thought, well, you know, I
18 needed -- I like to take risks. Every job I've ever been in,
19 when I first walked into it, seemed enormous, and then I was
20 able to do it. And I thought, I think I have a lot to offer:
21 my career, what I have accomplished. I know addiction inside
22 and out.

23 And it has been quite an experience. I've been
24 here for eleven months.

25 I have to say something about the staff at ADP,
26 which makes everything worthwhile. I have now an idea, a
27 vision, of where I want to take the department. And what makes
28 that easy is the staff that I have over there.

1 These are people who are so committed to what we
2 do. I mean, these are not people who just are there for their
3 pay check. They really, really care. And when I have staff
4 meetings with them, all staff meetings, and we talk about where
5 I want to go and where I want to take the agency, there is such
6 an excitement on their part because they want to be the best.

7 When I came to the department, I had -- I didn't
8 really have a vision. I wasn't sure where I -- and everybody
9 was on me about, what's your vision, what's your vision? Oh,
10 heavens, you know, I will find out what my vision is.

11 SENATOR CEDILLO: It's probably 20-20.

12 [Laughter.]

13 MS. ZITO: Yes, 20-20.

14 And what I did for the first like six or seven
15 months, I just listened to people. I listened to the staff. I
16 listened to treatment providers. I listened to clients and
17 county administrators, and on and on. And finally I got what
18 needs to be done in this job, or I believe needs to be done.

19 We have some very good treatment facilities in
20 the State of California for alcohol and drug abuse, but we also
21 have some that aren't. And what I want to do in whatever time I
22 have here is to elevate the level of treatment in this state, to
23 have the best treatment imaginable. I would really like us to
24 lead the nation, to be perfectly honest, and we have work to do
25 if we're going to do that.

26 One of the things that we need to do urgently,
27 and we need help from the Legislature to do this, is to be able
28 to have standards that we can enforce.

1 The way it works at ADP now is, we license all
2 residential facilities, but we license bricks and mortar, the
3 physical plant.

4 We don't have standards that say: This is the
5 way you must do treatment. And we don't have the power to do
6 that. We could put out those standards, but we don't have the
7 power to enforce that. We need to get that power so that we can
8 do that.

9 Outpatient is voluntary. You can be certified or
10 not certified. I believe that we need to go across the board
11 and have everyone licensed, and have standards in place that we
12 enforce.

13 We have just started to do some of that recently.
14 We started with women's program standards, because in the State
15 of California, it's a little weird. You can call yourself a
16 women's program, yet you're coed. And you have one group a
17 week, and you say you're a women's program. That to me is not a
18 women's program.

19 So, we brought into the department 30 experts in
20 women's treatment from around the state. And we spent two full
21 days putting -- looking at core competencies and deciding what
22 core competencies we wanted in an entry level facility that
23 deals with women.

24 And we put standards together, minimum standards,
25 and then we looked at gold-star standards, because there are
26 some incredible women's facilities in the State of California,
27 and we want to be able to recognize those facilities. So, the
28 star treatment facilities, that's voluntary if you want to go

1 for it, but it's a way for us to acknowledge the work these
2 people have done to create incredible programs for women that
3 are helping women, that are gender specific, that are trauma
4 informed, empowerment model, all of the things that we believe
5 that need to be done to help women recover from this disease.

6 Want me to keep on going?

7 CHAIRMAN PERATA: No. You could be a Senator.

8 [Laughter.]

9 CHAIRMAN PERATA: I have a question. You
10 probably have heard through the grapevine that we are in a
11 disastrous financial situation.

12 One of the things that we inevitably are going to
13 have to come to grips with is doing some consolidations,
14 evaluating a lot of redundancies that exist in the system. And
15 since dual diagnosis is more as more prevalent now -- when I was
16 on the board of supervisors, it was kind of a new thing -- do
17 you have any off-the-top of your head, and you don't have to
18 make any commitment here, but off-the-top comments about
19 combining mental health and your department?

20 MS. ZITO: You mean bringing them into one
21 department?

22 CHAIRMAN PERATA: A single department.

23 MS. ZITO: I'm not necessarily in favor of that.
24 I am in favor of keeping two separate departments, but --

25 CHAIRMAN PERATA: Why?

26 MS. ZITO: Because I think that ADP has the true
27 expertise of dealing with addiction. I think that it would get
28 lost in a mental health system. I think the focus would be on

1 mental health as opposed to recovery from addiction. We know
2 how to do it.

3 What we need to do, what I think we need to do
4 is, we need to be able to somehow, maybe through MHSA -- yes,
5 MHSA, get resources to put a mental health specialist in every
6 appropriate alcohol and drug facility in the state. And when I
7 say "appropriate," it would have to be -- we know where we're
8 going with that one. We would use a self-auditing system called
9 DDCAP, and have the facilities go through it to check off
10 whether they had the ability to do co-occurring disorder
11 treatment. And then we would send people in to make sure that
12 that was true, that the assessment was done properly.

13 One of the issues with -- and I don't have to
14 tell you that I don't know what garden variety alcoholic looks
15 like. I have not seen one for 25 years. I have no idea.

16 CHAIRMAN PERATA: Don't tempt me. Do you want me
17 to go through the audience?

18 [Laughter.]

19 MS. ZITO: No, no, no.

20 So, you get people in treatment who are really
21 very sick. They're slashing themselves; they're throwing up;
22 they're self-mutilating. They have everything under the sun,
23 and we need help in dealing with that.

24 Coming from a provider standpoint, it was very --
25 it was very painful to get someone in treatment. And once you
26 got this woman in treatment, you discovered she had an
27 additional diagnosis. You would try to call the county mental
28 health office to get her an appointment, and you were told,

1 well, we have an appointment available in six weeks. And it was
2 -- you knew that she wouldn't make it, you know, because she had
3 -- you had to deal. You can't -- you had to deal with both
4 problems at the same time.

5 CHAIRMAN PERATA: You're making a pretty good
6 case for why we should have your department.

7 All I'm suggesting to you is that you might want
8 to give a little thought, maybe driving back and forth, about
9 how a department would look if it was consolidated.

10 Because it's pretty clear to me that we can't
11 afford to do the things we've been doing.

12 I'm not saying that you couldn't be on top.

13 MS. ZITO: Could we?

14 [Laughter.]

15 CHAIRMAN PERATA: You don't see the mental health
16 people here; right?

17 [Laughter.]

18 CHAIRMAN PERATA: We'd promise the same thing if
19 they were here.

20 Anyway, I wanted to get that out there.

21 Any questions? Yes, Alex.

22 SENATOR PADILLA: Just some.

23 I don't think there's any question here about
24 your commitment to services being provided by the department,
25 and what-not.

26 I just wanted to get a couple of questions in on
27 the management, the administration side of things. How many
28 people are under your jurisdiction?

1 MS. ZITO: There's 350.

2 SENATOR PADILLA: And the size of your budget?

3 MS. ZITO: It's \$690 million.

4 SENATOR PADILLA: How many offices throughout the
5 state? How many locations?

6 MS. ZITO: One, Sacramento.

7 SENATOR PADILLA: Centralized.

8 Only because I think as we look at your resume,
9 again from the experience standpoint, from a service provider
10 standpoint, from a policy standpoint, I don't think anybody can
11 question that, if anything, there was a little bit of a red flag
12 raised of jumping from your previous experience and positions to
13 not an insignificant sized bureaucracy that you're now in charge
14 of, and ensuring that you have the skills and abilities to lead
15 that team of people in an effective, and an efficient, and
16 equitable way.

17 Good luck.

18 MS. ZITO: Thank you.

19 SENATOR DUTTON: One quick follow-up question.

20 I was glad to hear you talk about going through
21 the process of setting up policies and guidelines with regards
22 to the drug and alcohol programs.

23 MS. ZITO: Right.

24 SENATOR DUTTON: At least, that's what I kind of
25 believed that you were getting to.

26 MS. ZITO: Oh, yes.

27 SENATOR DUTTON: And so, I assume then from that
28 comment that you feel like we do need to have a way to evaluate

1 those programs, to make sure that they truly are working --

2 MS. ZITO: Right.

3 SENATOR DUTTON: -- not that they just have beds
4 and so forth, but that the end result was success, and not that
5 we're just paying money out for no effective way of treating the
6 problem.

7 You are in the process --

8 MS. ZITO: We actually have done that. We have a
9 system that was created called Cal OMS, which stands for
10 California Outcome Measurement System. And it became
11 operational in all 58 counties in 2006.

12 And what it does for us is that every month,
13 every provider in the state inputs information -- admission
14 information and discharge information -- looking at what went on
15 in treatment, and evaluating the success in every area that --

16 SENATOR DUTTON: So, they do a follow-up?

17 MS. ZITO: Oh, yes. We are able to -- it gives
18 us the ability give this to the providers and to the counties so
19 that they can see what's happening, and what needs to be
20 changed, what gaps in services we need to provide. It is really
21 quite an excellent comprehensive system.

22 SENATOR DUTTON: Thank you.

23 MS. ZITO: You're welcome.

24 CHAIRMAN PERATA: What's the housing situation
25 with the clientele? I mean, people who have addictions
26 oftentimes have difficulty finding places to live.

27 MS. ZITO: Right.

28 The facilities that I have worked with, when I

1 was at Marin Services for Women, we expanded the housing because
2 especially in Marin County, if you have a woman coming out of
3 treatment, how do you afford to live there? And they would get
4 jobs in local restaurants and stuff.

5 And so, we had significant -- we had four
6 apartments, that four women could be in each one. We had our
7 old residential treatment facility that we put -- we created
8 sober housing for women with children, which, even if they were
9 there for a couple of months, it gave them a time to pull things
10 together, to get resources together.

11 It is a major issue. It is a major, major issue.
12 We need treatment facilities and housing so badly for people who
13 are addicted in this state, and I know a lot of -- I know that
14 there are a lot of complaints from neighborhoods that we're
15 overcrowding.

16 But I just -- the need in this state for this to
17 help people get well, I mean, when we look at addiction as a
18 chronic brain disease, and it's not like "zap," you are a month
19 in treatment and you're well. I mean, it's an ongoing process
20 which includes continuing care, which takes a long, long time to
21 get people well.

22 I'm in recovery myself. I celebrated 32 years on
23 New Year's Eve of recovery. And so, I really, inside out, know
24 this, and know what it takes, and know how difficult it is. It
25 is not easy to recover from this. And it is not -- as I said,
26 it's not like one month and you're well. It takes -- it's an
27 ongoing treatment.

28 And one of the things that -- we are looking at

1 the whole continuum of care and helping treatment providers
2 implement more treatment within the facilities so that they can
3 deal with, you know, however we can do it. You know, you may
4 not have all of them within your facility, but to have others in
5 that county who can pick up.

6 CHAIRMAN PERATA: Thank you.

7 Anybody here who'd like to speak in favor of the
8 nominee?

9 Do you have family here?

10 MS. ZITO: Yes, I do.

11 CHAIRMAN PERATA: Would you like to introduce
12 them?

13 MS. ZITO: I would. I have two people I'd like
14 to introduce. My husband, Tom, and my dear friend, Linda.

15 CHAIRMAN PERATA: Now, sir.

16 MR. ANDERSON: Good afternoon, Senator Perata,
17 Members of the Rules Committee.

18 My name is Tony Anderson. I'm the Executive
19 Director of The Arc. The Arc is an advocacy association for
20 people with developmental disabilities and their families.

21 I'm not sure everybody's aware, but alcohol is
22 the number one known environmental cause of intellectual
23 disabilities. And it's been an emphasis of ours on the
24 prevention side to focus on the prevention of Fetal Alcohol
25 Spectrum Disorder.

26 Our experience with Director Zito has been that
27 she has been very supportive of our efforts within the
28 department. And the folks in there have been -- are very

1 excited about a new -- they say new emphasis on this particular
2 issue, and in helping getting the other departments involved as
3 well.

4 So, we're very excited that this is happening and
5 here in support of the confirmation.

6 CHAIRMAN PERATA: Thank you.

7 Anyone else? Anybody in opposition?

8 Seeing none, pleasure of the Committee?

9 SENATOR ASHBURN: I'm make a motion.

10 CHAIRMAN PERATA: We have a motion to approve.
11 Call the roll.

12 SECRETARY WEBB: Cedillo.

13 SENATOR CEDILLO: Aye.

14 SECRETARY WEBB: Cedillo Aye. Dutton.

15 SENATOR DUTTON: Aye.

16 SECRETARY WEBB: Dutton Aye. Padilla.

17 SENATOR PADILLA: Aye.

18 SECRETARY WEBB: Padilla Aye. Ashburn.

19 SENATOR ASHBURN: Aye.

20 SECRETARY WEBB: Ashburn Aye. Perata.

21 CHAIRMAN PERATA: Aye.

22 SECRETARY WEBB: Perata Aye. Five to zero.

23 CHAIRMAN PERATA: Five-zero, congratulations.

24 MS. ZITO: Thank you.

25 CHAIRMAN PERATA: Now the two Trustees of the
26 California State University, Roberta Achtenberg and Peter Mehas,
27 come up. We'll go alphabetically.

28 MS. ACHTENBERG: Thank you very much, Senator.

1 I'd like to begin by introducing my family
2 members who are with me today.

3 CHAIRMAN PERATA: Please do.

4 MS. ACHTENBERG: Benjie Achtenberg, who's my son,
5 an Oakland middle school teacher in training, and my nephew,
6 Brady Thomas, who's an Oakland business man. And I'm very
7 delighted that they're here with me today.

8 CHAIRMAN PERATA: You got me.

9 [Laughter.]

10 MS. ACHTENBERG: Indeed. An odd coincidence.

11 [Laughter.]

12 MS. ACHTENBERG: Let me begin by saying, after
13 more than 30 years in public service, the 8 years that I have
14 spent as a Trustee of the California State University have been
15 the most privileged and the most important years that I have
16 spent in public service to date.

17 I'm hopeful -- I'm grateful to Governor Gray
18 Davis for having appointed me initially. I am extremely
19 grateful to Governor Schwarzenegger for having set forward a
20 reappointment, and I will be proud and privileged to serve
21 another term with the permission of the Committee and of the
22 State Senate.

23 I'm proud of my accomplishments to date, three of
24 which I'll highlight in brief because they have consumed much of
25 my time and energy on the board. And they include the four
26 years that I spent as Chair of the Education and Policy
27 Committee, and two initiatives that we did under the auspices of
28 that committee that I think have brought greater quality,

1 greater clarity, and greater direction to the work of the
2 California State University.

3 First I'd like to point out the Early Assessment
4 Program, which was instituted under the auspices of my
5 committee, which now allows as many as 350,000 eleventh graders
6 to test their proficiency in English and in math, and to do
7 something about their lack of proficiency, if indeed there is a
8 lack of proficiency, in the twelfth grade through more rigorous
9 course work, so that they might be college-ready before they
10 come to us in the CSU.

11 As I know you know, more than 50 percent of our
12 entering students require remediation in English or math or
13 both. And our Board of Trustees has tried mightily, and with
14 some success, to improve those statistics, and the Early
15 Assessment Program is one of those programs. It's a very
16 important step forward for public school children and to promote
17 college readiness across the board.

18 The second initiative that I want to draw your
19 attention to is the graduation initiative, which was also done
20 under the auspices of my committee while I was chair. That
21 really sets the institution to putting a premium on graduation.

22 We have been focused appropriately and primarily
23 on access and on quality, and we will continue to be focused on
24 access and on quality. But without retention of those that we
25 admit, and without moving them toward graduation, and without
26 graduating them, we are doing a disservice to our students.

27 This focuses the institution's attention on
28 graduating those students with a quality degree in the minimum

1 amount of time, with a minimum amount of excess units so that we
2 might present to the California workforce and to the communities
3 of California quality graduates with a baccalaureate degree,
4 ready to go to work in California's industries, businesses,
5 not-for-profits, and educational institutions.

6 The third initiative, and I will close with this
7 in terms of the history of my performance on the board, was the
8 initiative that I undertook when I became Chair of this board
9 almost two years ago, and that is to set a path for the
10 institution for next ten years. We have undertaken a very
11 rigorous strategic plan development process, which we are about
12 to conclude in the next four months, that will set a path for
13 the University for the course of the next ten years.

14 Chief among the goals that we have established
15 for the University are to cut in half the achievement gap, and
16 I'm hoping that we will be successful in that endeavor. We have
17 made numerous strides, and I think focusing the institution's
18 energies and efforts in that regard will mean that we will make
19 even greater improvement over the course of the next ten years.

20 That's important for the California workforce.
21 It's important for the civic fabric of California. It's
22 important for the economic development and the economic well
23 being of California, and it's what our population and our
24 students deserve.

25 Looking forward if I should have the privilege to
26 continue my service, I would focus specifically on implementing
27 the strategic plan. The chair who will succeed me has allowed
28 that if I am privileged to return to the board, that he would

1 welcome my focus on the various implementation initiatives that
2 are called forth in the ten-year strategic plan.

3 So with that, I'll conclude my opening remarks,
4 Senator.

5 CHAIRMAN PERATA: Thank you.

6 Doctor.

7 DR. MEHAS: Honorable Senators and dedicated
8 staff, it's my privilege to introduce to you my partner of 37
9 years, my wife who's with us today, Demi Mehas.

10 In the spirit of full disclosure, I have to admit
11 that I do sleep with a Democrat, so you need to understand that.

12 [Laughter.]

13 CHAIRMAN PERATA: A lot younger Democrat.

14 [Laughter.]

15 CHAIRMAN PERATA: I always knew you were a wise
16 man. I wish I had your wisdom.

17 [Laughter.]

18 DR. MEHAS: My passion in life has been the
19 education of our young people. For 44 years, I've had various
20 titles, various positions, but they've always related to the
21 education of students. I have and always will consider myself
22 first and foremost a teacher. Even the years I was here in
23 Sacramento and as County Superintendent, I taught every three
24 weeks to remind me what a very, very important and challenging
25 position and rewarding position it is.

26 I'm the son of Greek immigrants. My parents came
27 to this country poor, not formally educated. Worked in the
28 sugar beet fields of Nebraska. But they wanted for their

1 children an education.

2 At the risk of sounding dramatic, and indulging
3 in self-ingratiation, I would tell you that my story is CSU's
4 story. It's not a lead institution. It takes the children of
5 immigrants and the poor, and it fulfills their dreams. They
6 become teachers, law enforcement officers, engineers, nurses.

7 And so, that is why I have a real passion to want
8 to serve on this board, that I think I want to be able in the
9 truest sense of the word, to give back what this institution
10 gave to me, my wife who's a graduate of CSU, my children who are
11 graduates of the CSU system. I want to give all those other
12 children the same opportunities that I have. That's why I have
13 a sincere desire to serve as a Trustee for the California State
14 University system.

15 CHAIRMAN PERATA: Thank you.

16 I've got a couple of general questions for both
17 of you, then I'm going to ask you to enlighten me about what the
18 hell's going on at Fresno State. I'm giving you time to gather
19 yourself.

20 What's the average time matriculation to degree
21 now within the system?

22 MS. ACHTENBERG: A little over six years.

23 CHAIRMAN PERATA: Has that be increasing over the
24 time you've been there? You've been there the longest, Roberta.

25 MS. ACHTENBERG: Actually, it's in the process of
26 decreasing as we speak, yes.

27 CHAIRMAN PERATA: How many teachers do we have in
28 training would you estimate.

1 MS. ACHTENBERG: Teachers in training in our
2 graduate schools of education?

3 CHAIRMAN PERATA: Yes, like the credential
4 program.

5 MS. ACHTENBERG: I don't know, Senator.

6 CHAIRMAN PERATA: This is not a trick question.

7 MS. ACHTENBERG: I'm not certain.

8 CHAIRMAN PERATA: Charley?

9 CHANCELLOR REED [FROM THE AUDIENCE]: About
10 14,000 get a certificate each year.

11 CHAIRMAN PERATA: So, we need 100,000. Are we
12 going to quicken the pace?

13 MS. ACHTENBERG: Yes, indeed.

14 DR. MEHAS: I was going to say, when I see the
15 number of retirements, not only in terms of teachers, but
16 principals and administrators, it becomes critical that we must
17 accelerate the pace, but also be careful to make sure the
18 quality and the experiences that they have will prepare them for
19 the, quote, "real world."

20 I have noticed in the short period of time that
21 I've been on the board that there's been a real effort, not only
22 for our teachers but all the other graduates, to have more
23 online classes, to have access to counselling whether it's
24 online for students to know where they are and try to accelerate
25 that process.

26 But it is absolutely critical. There is going to
27 be a teaching shortage. When you consider that CSU provides
28 over 70 percent of all the teachers in our system, it is

1 imperative that we speed up that process.

2 MS. ACHTENBERG: I would only point out that
3 about four years ago, we began putting emphasis on a blended
4 program, where you could get your credential and your
5 baccalaureate degree within four years. That has been
6 enormously successful, and we have enhanced our production of
7 quality teachers.

8 CHAIRMAN PERATA: I congratulate you on that.
9 It's a great program.

10 We've been talking about 10 percent across the
11 board cuts and things of that nature.

12 What do you see in the future with regard to
13 increasing fees?

14 MS. ACHTENBERG: Well, let me say that the
15 proposed budget cuts, if they are sustained, and a lack of
16 increased fees would put our operating deficit next year at
17 about \$386 million without the cuts that will be necessary in
18 order to live within our means, which we always do.

19 That figure would be reduced by about \$70 million
20 if we were to raise fees 10 percent.

21 Obviously, raising fees is the least preferred
22 method for obtaining the operating revenue that the University
23 needs to provide a quality education and to keep the lights on,
24 pay the faculty, and do the other important things that are
25 assumed therein. When we are forced by budget situations to
26 raise fees, it's the Trustee policy to seek to do that on a
27 predictable basis, and to do that as little as possible.
28 Meaning, we -- we never raise fees at any gratuitous sum,

1 certainly, only for what we need between what we're provided by
2 the Legislature.

3 And I understand, it's not as if you could
4 provide absent the ability to pay, same as we can't either. But
5 that's essentially what we're looking at.

6 We will have to look seriously at raising fees if
7 we are not successful in making the case that the operating
8 revenue is something the state can afford to provide.

9 DR. MEHAS: I just might add, I think it was
10 Plato who said, "There are for some eternal truths," and I
11 remember Senator Maddy, a colleague of some of you and a very
12 close friend of mine, wrestled with this whole issue many years
13 ago on student fees. He said no one wants to raise student
14 fees. However, you have a Hobson's choice: At what point do
15 you load up classrooms where students don't get the education
16 they deserve, and teachers can't -- faculty members can't teach
17 on the overload?

18 At least if you're going to raise them, there
19 should be a direct correlation between what the state is
20 funding, and I think the rule of thumb or the policy of the
21 board is, it should never exceed one-third of the real cost of
22 an education. I think right about now, it's running right
23 around 24 percent.

24 But also I think it's critical, that's why the
25 student aid and the Cal Grants are so -- so critical to the
26 process, because we all feel same way about access. You can't
27 shut those doors, and particularly here in California and with
28 the students that we serve.

1 I was very pleased to find out, and again, my
2 leaning curve, I'm learning as we go along, but I was very
3 pleased to find out that over half of the CSU students receive
4 some form of grant, and the average is a little over \$7,000 in
5 terms of that -- of that grant funding. But when we do raise
6 fees, I'm sure you know, one-third of the fee raise goes to the
7 students that are most needy, and I think that's significant.

8 The board chose not to make any decisions on fee
9 raising at our last board meeting, but clearly that \$73 million
10 buy-back is going to be a critical decision, because we simply
11 cannot overload our classrooms, and not only to the faculty but
12 to the other staff as well.

13 So, we're very, very sensitive to that issue.
14 None of us wants to do it, but we still have a Hobson's choice
15 of retaining quality.

16 CHAIRMAN PERATA: So, what is going on at Fresno
17 State? I'm not talking about the football team. It's been the
18 subject of hearings here. You're a native, so what do you make
19 out of all that?

20 DR. MEHAS: I think first of all, from a
21 Trustee's position, of course we're concerned. When you have
22 that kind of profile, and you look at the court cases, the
23 system lost one, settled one, and the other one's up for
24 appeal.

25 I'm not going to side-step this. I think
26 mistakes were made. And I think the Chancellor has a process of
27 looking at -- and let me add this. As a former superintendent,
28 probably one of the most important things you do is assess your

1 staff, your principals.

2 I have been so impressed with the nine-ten months
3 I've been on the Trustees as to the evaluation process that this
4 Chancellor does with our presidents. I really have.

5 Once a year they come in for an annual
6 conference. Every three years they get a formal, formal
7 evaluation, and then every six years, they get very much
8 involved.

9 To answer your question, I believe that our
10 Chancellor, in the normal course of these evaluations, is going
11 to evaluate the effect of this on the president at Cal State
12 University Fresno, who comes up for evaluation. And he will
13 look at all the considerations of the community and what has
14 gone on.

15 But I think it's important for us to remember
16 that when you have -- when you have 23 campuses, when you have
17 45,000-plus employees, that every now and then you're going to
18 have a fumble. And that you don't all of a sudden react because
19 of one fumble or one interception. You take it seriously.

20 CHAIRMAN PERATA: Unless it's the last play of
21 the game, and it's on national television.

22 [Laughter.]

23 DR. MEHAS: Well, then if you're Brett Favre,
24 then it becomes critical.

25 But I think the thing we need to remember, that
26 in the last ten years, we've only had six Title 9 lawsuits, it's
27 my understanding, six.

28 MS. ACHTENBERG: That's right, throughout the

1 whole system.

2 DR. MEHAS: So, is the Chancellor and these
3 Trustees as I know them going to deal with this situation? I
4 believe strongly we will deal with not only this situation, but
5 to assure you that there's a very, very strong evaluative
6 process, and I have confidence that we will not let these things
7 slide.

8 CHAIRMAN PERATA: Are you satisfied that the
9 standards for system with regard to gender discrimination are
10 adequate? Has there been any review of that?

11 MS. ACHTENBERG: We're in the process of
12 reviewing it, and we will make additions as the process
13 requires.

14 As Trustee Mehas said, while six -- you know, six
15 Title 9 cases in ten years isn't bad, it's obviously six too
16 many. So, we do take it seriously.

17 CHAIRMAN PERATA: Well, you've got a long,
18 distinguished career in the area of civil rights.

19 MS. ACHTENBERG: Indeed I do. Well, thank you
20 very much for saying it's distinguished. I have a long career,
21 that's for certain.

22 [Laughter.]

23 CHAIRMAN PERATA: I'm old enough to remember it
24 was distinguished as well.

25 MS. ACHTENBERG: Thank you very much.

26 CHAIRMAN PERATA: But it is something that I know
27 has become a big concern for many people here.

28 While I don't like to use academia as a whipping

1 post, this is one that did stand out. You can just put that in
2 your little bookmarks.

3 MS. ACHTENBERG: Indeed.

4 DR. MEHAS: Yes, sir.

5 CHAIRMAN PERATA: I'm trying not to be digitally
6 challenged, which I found out today was a phrase. No wonder
7 nobody reads anymore.

8 [Laughter.]

9 CHAIRMAN PERATA: Senator Ashburn.

10 SENATOR ASHBURN: Thank you, both for your
11 presentations and your service.

12 Let me ask about another controversial matter,
13 and that has to do with the focus on compensation for some of
14 the senior executives of the college, presidents and others in
15 leadership positions, and some of the frankly sweetheart
16 arrangements that seem to exist with some faculty members where
17 their focus seems to be other than in the classroom and
18 teaching, and that their moonlighting activities seem to occupy
19 a good portion of their time.

20 How big is the problem? What are you doing about
21 it?

22 MS. ACHTENBERG: Let me begin with the faculty
23 and say that in every -- let's begin with the large picture.

24 In every university-wide evaluation that has ever
25 been performed, the faculty of the California State University
26 are rated excellent by 80 percent of the students, and the
27 students should know. So, I want to begin by saying we have an
28 excellent, hard working faculty.

1 It is true that the faculty under the current
2 structure of things is not obligated to report outside
3 employment, and that was an issue that you raised with me
4 yesterday. You make a valid point.

5 Nonetheless, we are not aware of any widespread
6 situation where faculty who do have outside employment, as they
7 are entitled to do, and as many of them do, are abusing that
8 fact.

9 The Board of Trustees has sought in the past
10 legislation that would encourage the -- that would require the
11 disclosure of outside employment. Right now, we are primarily
12 focused on going back to the bargaining table and seeing whether
13 or not we might be able to prevail at the bargaining table so
14 that the faculty would disclose outside employment, same as
15 executives are required to disclose outside employment. So,
16 that's the status of that.

17 But I want to close that part by restating that
18 this is an excellent, hard working faculty who don't, on the
19 whole, abuse any system of which we are aware.

20 With regard to executive compensation, let me say
21 that our executives as well are extremely hard working. And I
22 would only point out that their pay scale, as is our faculty's
23 pay scale, is well below the market pay scale. So, I just want
24 to offer that as a backdrop.

25 With regard to issues when executives are --
26 leave employment that were in the newspapers maybe about a
27 year-and-a-half ago, those issues have been dealt with very
28 constructively and proactively by the Board of Trustees.

1 We have improved our policies so that they are
2 much more transparent, with timetables and benchmarks, so that
3 departing executives, when they depart, work for the CSU if they
4 receive any form of severance compensation. And if they depart
5 and don't work for the CSU, then they don't receive severance
6 compensation going forward.

7 I believe that that is a big improvement over the
8 prior policy, which I would point out to you was adopted by a
9 prior Board of Trustees. And when this issue was brought to our
10 attention, we grappled with it in public, as we are obliged to
11 do, and came up with a much improved policy. I hope you'll
12 agree.

13 DR. MEHAS: If I may add to that, I've had a
14 saying for many years that you cannot pay enough for good
15 leadership, but anything you pay for bad leadership is too
16 much.

17 You need to look at the assessment. How do you
18 arrive at a fair compensation? For whether it's your faculty --
19 and everybody gropes with this -- but the formula I have always
20 looked at is, what is the standard of the industry? Clearly,
21 what does the industry pay?

22 And so, we look at comparable institutions when
23 we look at our executives. And it was interesting, when I first
24 came on the board, that we were in the process recruiting one of
25 the presidents. And this particular very, very qualified
26 person would have to take a substantial pay cut in order to
27 come -- she was out of state -- in order to come to work for the
28 CSU system.

1 So, as I understand it, with the comparable
2 institutions we rank about 46th on where our presidents receive
3 compensation, 46 amongst comparable institutions. And our
4 Chancellor ranks about 89. When you stop and think, we're the
5 largest -- we are the largest system of higher education in the
6 nation.

7 After looking at standard of the industry, you
8 look at what is the responsibility. What is the responsibility
9 to that chief executive?

10 And our CEOs manage major corporations. When I
11 stop and think of Chancellor Reed, a \$4.5 billion industry,
12 45,000-plus employees, what would that be in the private sector?

13 Now, having said all of that, unless you have
14 accountability, then you're paying too much. I mean, you
15 recognize if you're going to get those -- if you're going to get
16 executive salary, you also -- the buck stops with you in terms
17 of if you fumble.

18 But I believe, and I must tell you that I voted
19 for the presidents' compensation increase, recognizing it's a
20 difficult, difficult time, but we need to stay competitive
21 because we can lose in the long run if we go on the cheap-cheese
22 as it relates to our CEOs.

23 So, it's not exorbitant; it's not poor, but we
24 need to be competitive, but we also need to not build it on the
25 backs of student fees, which I don't believe we've done.

26 SENATOR ASHBURN: Let me follow up on one of the
27 explanations with respect to the evaluations of the presidents.
28 And you described a one, three, and six-year process.

1 When we're talking about a student, and that's
2 our customer, that's who we're trying to provide education for
3 and to assist in their achieving their goals, is three and six
4 years realistic? That's a long period of time.

5 MS. ACHTENBERG: Let me just say that the
6 Chancellor evaluates each president every year.

7 We, the Board of Trustees, the governing body,
8 evaluates each president, unless something extraordinary is
9 brought -- is brought before us, evaluate each president at
10 three years and at six years.

11 We have 23 campuses. We meet every two months.
12 We are dealing with presidential evaluations every meeting.

13 So, we work hard at it, but that's essentially a
14 pace that we can sustain, given that we're a volunteer, you
15 know, part-time board. And it's one that is standard in the
16 industry, and it's one that we think serves the University well,
17 provided that we make exceptions when exceptional circumstances
18 arise. And we are the judge of whether or not those exceptional
19 circumstances have arisen. It's our responsibility, the Board
20 of Trustees.

21 We also evaluate the Chancellor and the
22 Chancellor's senior staff on the same -- at the same intervals
23 as we do the presidents.

24 DR. MEHAS: I might add, on the students' point
25 of view, since they are our clients, we need to have, and we
26 have had, during the '80s and '90s, it's my understanding that
27 the University participated in a formal survey process of our
28 clients. And what you would suspect came up: Parking was

1 always a problem; more online classes; a one-stop center for
2 both student aid and registration.

3 And as I -- Roberta has visited all the campuses
4 multiple times. I just started in, and I did encounter
5 difficulty trying to get out of Fresno to visit San Bernardino,
6 with all due respect, and you can't get there from here. So,
7 I'm going to try to do all my visitations.

8 But I was very, very pleased to see that the CSU
9 is now embarking on this more comprehensive accountability tool.
10 It's called the Volunteer System of Accountability, VSA, and
11 it's a new initiative that we're going to partner with 70 other
12 public colleges and universities across the nation to ensure
13 transparency concerning student learning outcomes.

14 So, I, as a Trustee, want to look very, very
15 closely to see what our clients are saying about our
16 institutions, whether or not they're getting the quality of
17 education they deserve, and about our services. So, I clearly
18 will be watching that very, very closely.

19 SENATOR ASHBURN: Is President Welty going to be
20 called before your board for an early evaluation?

21 MS. ACHTENBERG: Actually, President Welty is
22 due for an evaluation in September in the ordinary course of
23 things.

24 SENATOR ASHBURN: So, the events do not rise to
25 the level of having him come in? You described that that
26 process was available to you for those college presidents that
27 warranted an evaluation based on circumstances.

28 He's not coming in?

1 MS. ACHTENBERG: In September an evaluation of
2 Dr. Welty, which is a very extensive process, I might add,
3 Senator, we will compile an evaluation team. An entire formal
4 protocol will be followed, and --

5 SENATOR ASHBURN: So, let me ask it this way. On
6 whose initiative would it be that a college president who's in
7 trouble, there were circumstances that have come to light that
8 are of grave concern, on whose initiative would he or she be
9 called in for an evaluation on a schedule different than that
10 which you described?

11 MS. ACHTENBERG: The Chancellor might ask --
12 request of the board that we bring it up, or we might request --

13 SENATOR ASHBURN: No one has done that?

14 MS. ACHTENBERG: Well, let me say that we have
15 been following the deliberations at Fresno. As Pete pointed
16 out, we lost one lawsuit, we settled one lawsuit, and we're
17 appealing one lawsuit.

18 We get regular reports from both the Chancellor
19 and from our General Counsel about the progress that's being
20 made in terms of making sure that the athletic department puts
21 into place new policies and procedures to ensure against further
22 possible violations of Title 9, sexual harassment, and any other
23 abuse. So, those things are taking place.

24 And as I say, we'll be taking up the issue of
25 Dr. Welty's performance in the ordinary course of the evaluation
26 process.

27 I might add that Dr. Welty's performance over
28 many, many years has been on the whole a very big plus for the

1 region and for the University. So, that has to be taken into
2 account as well, Senator.

3 DR. MEHAS: Senator Ashburn, I'd just comment,
4 that is the formal process.

5 But in regards to any of the presidents, again,
6 I'm new on this Trustees, but I've never known Chancellor Reed,
7 if thinks that there is areas that need to be addressed, he will
8 follow the formal process, but he also will follow the informal
9 process. And if he feels that something needs attention, he's
10 not going to wait three years, four years, or whatever. He is
11 going to get on it.

12 So, all I can say at this time is, we've told you
13 what the formal process is. The board is very, very much aware
14 of what's transpired, and we are -- we as a board will follow
15 that process.

16 But I can assure you that the Chancellor doesn't
17 let any of the presidents in terms of he feels something needs
18 attention.

19 SENATOR ASHBURN: Pete, that doesn't sound like
20 you. I know you very well. You're a take-charge guy.

21 To say that the Trustees are going to look to
22 Chancellor Reed to initiate this, and to handle it, I mean, that
23 doesn't sound like you.

24 DR. MEHAS: My apologies. I hope you didn't
25 misinterpret it.

26 The buck stops with us as Trustees. I recognize
27 that. We clearly have a responsibility.

28 And I'm saying, based upon my knowledge of this

1 Chancellor, that before sometimes we even think of initiating
2 it, he initiates the process.

3 And all I want to assure you, that both the
4 Chancellor and this body of Trustees is going to deal in a fair
5 and equitable manner with our concerns.

6 SENATOR ASHBURN: As one Senator let me say this.
7 Having President Welty come in in September, in the normal
8 course of time for an evaluation does not seem appropriate,
9 given the circumstances not only involving this case but other
10 matters at Fresno State.

11 Let me follow-up on another point that Senator
12 Perata raised about the teacher shortage. We not only have a
13 sever teacher shortage, we have severe nursing shortage.

14 MS. ACHTENBERG: Yes, we do.

15 SENATOR ASHBURN: We have other occupations, and
16 the CSU is critical in providing the training.

17 I mean, it's fine to say yes, we acknowledge
18 we've got a problem. What are we going to do about it?

19 MS. ACHTENBERG: We have been expanding as the
20 budget will allow our courses in nursing. In fact, we have
21 undertaken public-private partnerships where possible, where we
22 get the hospitals to finance the expensive equipment that's
23 necessary to do the kind of clinical teaching that's required in
24 the nursing programs. And we have done that on many campuses.

25 We've sought federal earmarks where possible to
26 expand our nurse training programs. We've gone to foundations
27 and other forms of private providers when the state budget has
28 not been flexible enough to allow additional investment.

1 In fact, this year we will be seeking permission
2 from the Legislature to offer a Doctorate in Nursing Practice so
3 that we might be able to expand our undergraduate programs much
4 -- to a much greater degree.

5 Right now, we have a nursing professor shortage
6 that compounds the nursing student shortage that we need to
7 address. And despite the resistance in some quarters to the
8 offering of an applied doctorate by the California State
9 University, we nonetheless feel a responsibility to the State of
10 California to seek to obtain for ourselves the capacity to meet
11 the shortage in nurses. And developing that capacity includes
12 the ability to offer the applied doctorate so we can enroll more
13 students in our nursing programs and produce more nurses.

14 DR. MEHAS: I might also point out, one of the
15 problems we have to deal with is that when our president said
16 that in getting trainers, the difficulty is in getting nurses
17 who've been practicing to come back. They would have to take a
18 salary cut --

19 MS. ACHTENBERG: An enormous salary cut.

20 DR. MEHAS: -- in order to get back -- enormous
21 salary cut.

22 So clearly, we have to look some way of getting
23 some type of differentiated pay, and meet the supply and demand
24 of the marketplace, because a lot of these nurses simply will
25 not come back and take that kind of a pay. And so, you can't
26 expand your programs unless you have those trainers. And so,
27 that's a very real area to look at.

28 The community colleges tell me, and I can speak

1 first-hand, I've seen the partnership between Fresno City
2 College which supplies -- the second largest in the nation of
3 nurses -- working in cooperation, they work with CSU Fresno.

4 But one of the things they're encountering, too,
5 to some extent, and I certainly don't want to touch a hot
6 button, but when you do a lottery system, a lot of times
7 sometimes you don't get the passing rate. So, you spend an
8 enormous amount of money in terms of training, but then these
9 folks don't actually go into the fields. So, that needs to be
10 looked at, being fair and equitable.

11 But these are some of the roadblocks that are
12 inhibiting us from expanding the nursing program.

13 SENATOR ASHBURN: In my community, every hospital
14 administrator has expressed how serious this nursing shortage
15 is. And that they are completely willing and able to subsidize
16 the salary of their own nursing staff, qualified individuals, to
17 go on campus to teach the nursing classes.

18 Now, why can't those nurses, who are qualified
19 and whose salary will be paid, why aren't they on the campuses
20 teaching the courses?

21 MS. ACHTENBERG: I do believe Dr. Mitchell has
22 undertaken many innovative programs in this regard. There's no
23 prohibition.

24 We can't -- I mean, in order to maintain
25 accreditation, many of the instructors, a certain number of the
26 instructors need to have the terminal degree, the doctorate
27 degree. So, that has to be observed because we need to train
28 our nurses, but they need to have a degree that will allow them

1 to practice elsewhere, or else we're dis-serving them.

2 But you make a very -- a very good point. Many
3 of our campuses are doing just that kind of innovating, and the
4 private sector has been stepping up to the plate, although it's
5 going to take larger investment on the state side as well.
6 That's just a fact of it.

7 I understand there are competing -- there are
8 competing interests here. But the fact is, we're not going to
9 address the nursing shortage in its entirety without larger
10 investment on everybody's part, including the state.

11 SENATOR ASHBURN: That's all.

12 CHAIRMAN PERATA: Senator Padilla.

13 SENATOR PADILLA: I actually have a couple
14 questions about what's going on at Fresno, but let me start with
15 a couple other topics first.

16 Let me thank you for the quick response on
17 information I requested vis-a-vis the criteria for evaluation of
18 presidents, as well as the greening efforts of the various
19 campuses. So, I look forward to working with you on those going
20 forward.

21 One of the items we talked about yesterday in my
22 office was in the area of workforce preparedness, and whether
23 it's teachers or nurses or anything else, we know what the
24 workforce needs are going forward in the State of California.
25 We know what the output is, not just of the UC system, but for
26 today's purposes the CSU system, and the simple math is, it's
27 clearly not enough.

28 MS. ACHTENBERG: Right.

1 SENATOR PADILLA: With all the attention that's
2 been paid to the high school graduation rates, and the
3 admissions numbers from the K-12 population to the CSUs, one of
4 the areas that's too often overlooked is the transfer rates from
5 our community colleges to our four-year universities, CSUs
6 included.

7 So, on the record can you give me in a minute or
8 two your thoughts on how we're doing, what we're doing to do
9 better, please?

10 MS. ACHTENBERG: We're doing better, and we need
11 to do better still, as you pointed out yesterday in your office,
12 Senator.

13 The lower division transfer pattern that we have
14 created does allow us to expedite transfer from the community
15 college to the CSU, but that's clearly not enough. Things are
16 improving, but only quite gradually. And demographics are going
17 to overtake us, and we're going to be many hundreds of thousands
18 of degree holders shy if we don't make some radical improvements
19 in our system.

20 SENATOR PADILLA: And a quick interjection, I
21 apologize.

22 Capping enrollment in our CSUs, does that help or
23 does that hurt what you just described?

24 MS. ACHTENBERG: Let's put it this way. You
25 can't increase degree production as rapidly as you need to if
26 you limit the number of students who enter the system.

27 So, the fact that the budget might require us to
28 deny qualified students admission to the CSU, let's say, 10,000

1 for example, if we're going to be able to live within our means
2 in the next budget year, means --

3 SENATOR PADILLA: The budget is one thing. It's
4 immediate. There's a larger picture, the issue of capacity of
5 the CSU system, but we'll leave that for another day.

6 Let's get back to the transfer rate.

7 MS. ACHTENBERG: Transfer. We have not done
8 enough in the CSU to make transfer transparent and automatic,
9 essentially. And we are in the process of doing just that.
10 It's a focus of our strategic plan. It is a focus of our
11 presidents.

12 It needs to be, in my view, more centralized. It
13 has been the prerogative of the faculties and academic senates
14 of the respective campuses, and it needs to remain such, but we
15 need to take seriously the effort to make transfer more readily
16 available, more uniform, and more possible so that students who
17 graduate from one -- I mean who take courses in one community
18 college will find them transferable to every campus of the CSU.
19 So, that's where we need to get to.

20 It's a slog, but I think we're getting there.

21 DR. MEHAS: I would just echo the sentiments.
22 I've seen where the individual campuses have done some great
23 things. They've gotten agreements with their community college
24 system.

25 But Roberta was right, and that's why I have
26 hopes for Access to Excellence, because it's saying there are
27 some areas that do have to be centralized, and monitored, and
28 set targets for our campuses.

1 And as I understand it, the community college
2 transfer, they're still our biggest clients. Is it two out of
3 three --

4 MS. ACHTENBERG: Two-thirds of our graduate --
5 the students who graduate --

6 DR. MEHAS: -- who graduate from the system come
7 from the community college, so we'd better seriously have a
8 strategy to --

9 SENATOR PADILLA: You clearly agree with the
10 sentiment here.

11 DR. MEHAS: Yes.

12 SENATOR PADILLA: There are a couple of things I
13 liked about your answers, that we're working on it, that we need
14 to set targets, but I think we need to do more.

15 Have we established, and if we have not, do you
16 support establishing specific goals and timetables for
17 increasing the transfer rates and numbers from community
18 colleges to CSUs?

19 MS. ACHTENBERG: I do, but Senator, I would say
20 it's a two-way street. We will do our part in the CSU, and we
21 will encourage the community colleges to do so the same. But
22 they'll need your encouragement as well, because as you know,
23 the community colleges serve many masters, only one of which is
24 transfer to a baccalaureate degree granting institution. They
25 need to focus more strongly on --

26 SENATOR PADILLA: Don't think I'm not asking them
27 the same question, but they're not here today; you are.

28 When you said I do, I don't know what "I do"

1 means?

2 Do we have an established timetable and specific
3 goals?

4 MS. ACHTENBERG: No. We have a goal, a stated
5 goal, to which we will be appending specific goals and
6 timetables over the course of the next many months.

7 SENATOR PADILLA: When can we expect to see that
8 timetable and goal established, and when can we see progress
9 towards that goal?

10 MS. ACHTENBERG: I'm hoping in September-October
11 of this year.

12 SENATOR PADILLA: Coming back to the topic of
13 Fresno State, I've heard it described a couple different ways.
14 Well no, we only lost one; we settled one lawsuit, and we
15 appealed one.

16 On the settlement, if we felt that confident that
17 we would prevail in court, we wouldn't have settled. So, I
18 assume that's not a case that we felt good about.

19 The appeal, the one that's on appeal, is CSU the
20 one appealing this case?

21 MS. ACHTENBERG: Indeed. We lost the case.

22 SENATOR PADILLA: Which means we lost the case.

23 MS. ACHTENBERG: Indeed. We're appealing it.

24 SENATOR PADILLA: So let's call it what it is. We
25 have two losses and what would have been a third loss that we
26 ended up settling.

27 So on the accountability piece, you have the
28 evaluations of the campus president. And I just concur with

1 Senator Ashburn. While we have the one-year, three-years, and
2 six-years timetable, it would see to me this is an egregious
3 enough issue to do a mid-term evaluation to get to the bottom of
4 what's going on.

5 So, where is the failure, in your opinion? Is it
6 at the University President level? Because if we're trusting
7 you all to hold a president accountable, today's our opportunity
8 to hold accountable those who are meant to hold accountable.

9 MS. ACHTENBERG: Understood.

10 SENATOR PADILLA: So, what's going on?

11 MS. ACHTENBERG: Well, let me say that we have
12 done quite a bit to investigate the underlying causes of the
13 complaints that you identified.

14 I didn't mean -- by saying that we lost one,
15 settled one, and appealed one, I didn't mean to minimize the
16 seriousness of the issue.

17 I would point out that a very capable new
18 athletics director has taken over at Fresno State who has
19 drastically revamped policies and procedures. And we are
20 keeping a very close eye on that.

21 I would concur with Trustee Mehas, that mistakes
22 were made, and we are trying to get to the bottom of that. And
23 we are regularly kept apprised in closed session of all the
24 things that are being undertaken at Fresno State to make sure
25 that this kind of thing doesn't happen again.

26 And as far as the President's responsibility for
27 all of this, we will be -- we will be assessing that formally
28 through the evaluation process.

1 SENATOR PADILLA: Remind me, the dollar figures
2 here on these lawsuits? The case that was settled, was there a
3 dollar figure?

4 MS. ACHTENBERG: I think it was settled for 3.5
5 million.

6 DR. MEHAS: Yes.

7 SENATOR PADILLA: And the case that was lost
8 that's not on appeal?

9 CHANCELLOR REED [FROM THE AUDIENCE]: All the
10 cases -- both cases are on appeal that were lost.

11 SENATOR PADILLA: But the initial judgments?

12 CHANCELLOR REED [FROM THE AUDIENCE]: The initial
13 judgment was reduced by the judge but still on appeal.

14 SENATOR PADILLA: I'm looking for a number.

15 MS. ACHTENBERG: What was the number, the
16 figure?

17 CHANCELLOR REED [FROM THE AUDIENCE]: I think
18 it's 5.4.

19 SENATOR PADILLA: That was the reduced number or
20 the original number?

21 CHANCELLOR REED [FROM THE AUDIENCE]: That was
22 the reduced.

23 SENATOR PADILLA: What was the original number?

24 CHANCELLOR REED [FROM THE AUDIENCE]: It was 7.3
25 or 4.

26 SENATOR PADILLA: And the other? Now I
27 understand that both are on appeal. The information's changing.

28 CHANCELLOR REED [FROM THE AUDIENCE]: The other

1 was 19 million, and that has been appealed. And the judge has
2 not ruled yet. I think he has until February 8th, or something
3 like that.

4 SENATOR PADILLA: So, we're approaching \$30
5 million in potential exposure here?

6 CHANCELLOR REED [FROM THE AUDIENCE]: We don't
7 know.

8 SENATOR PADILLA: Let me just share with the
9 Committee, and I'll be done here, part of the criteria you
10 shared with me that, again, is what you use to evaluate
11 presidents. And it's listed as number one: general
12 administrative effectiveness, including management of human,
13 fiscal and physical resources. So, it's number one on your list
14 of criteria.

15 Significant dollar figures that we're talking
16 about. More reason, in my opinion, to not wait for the next
17 regular cycle for this president to be evaluated.

18 So, I think our point has been made, and we look
19 forward to hearing from you sooner rather than later on what
20 you're doing.

21 MS. ACHTENBERG: Thank you, Senator.

22 DR. MEHAS: Thank you, Senator.

23 SENATOR DUTTON: Good afternoon.

24 I think I'd like to go over a couple things that
25 I heard one or both of you talk about, and I've got some
26 questions I want to ask you with regards to the State Auditor's
27 Report that came out in November.

28 First of all with regards to ranking within

1 comparable universities throughout the country, somebody made
2 the comment about being like 46th or something. That list, that
3 list you're talking about, though, is both public and private
4 Universities combined; right?

5 MS. ACHTENBERG: Yes. It's a list that's
6 compiled by law by CPEC.

7 SENATOR DUTTON: Right. Now, private
8 universities, how does their tuition schedule meet with ours?

9 MS. ACHTENBERG: I don't believe that it's based
10 on -- I understand the upshot of your point, but I don't believe
11 that they create their rankings -- I mean, they pursue a
12 particular methodology by law. And we have to follow the
13 methodology that they --

14 SENATOR DUTTON: I understand, but what you're
15 trying to tell me is that I should go ahead and take it to be
16 competitive, and I'm supposed to try to compete with private
17 universities with regards to their pay scale. Well, that is
18 what I'm seeing on the website when they like to put Cornell,
19 they like to put Brownell, they like to put a lot of different
20 Ivy League type schools in the mix.

21 I'm not saying that our schools should be
22 inferior, but I do think when you're starting to talk about
23 being competitive, that everything's relative. You've got to
24 look at apples to apples and oranges to oranges. It's not
25 apples to oranges.

26 MS. ACHTENBERG: I would only point out, Senator,
27 that in fact many public universities of similar profile to
28 ours, we -- our pay for our faculty is significantly inferior to

1 what they pay their faculty as well as --

2 SENATOR DUTTON: How much does a starting
3 professor make in our system?

4 MS. ACHTENBERG: I don't know. About \$50,000, I
5 believe.

6 SENATOR DUTTON: About 50,000 and so --

7 MS. ACHTENBERG: I'm not saying that it's not
8 significant money. All I'm saying is, you know, we have to
9 look -- we have to look at it in the competitive --

10 SENATOR DUTTON: And after you've been system for
11 five years, how much would you say that same professor is
12 making, or do you know?

13 I can tell you what a community college professor
14 makes, because my wife is one.

15 DR. MEHAS: I don't know, but I know this much.
16 When trying to get staff on special education out to the
17 colleges, you can't get them from the K-12 system because the
18 K-12 system pays them much more. And so, you have a real
19 critical need to get staff at the university level, and they
20 can't get them because the K-12 system pays -- pays better for
21 special ed.

22 SENATOR DUTTON: I would suggest that maybe you
23 do a little bit more independent research, because I think
24 you're getting bad information, at least based on my personal
25 knowledge.

26 You made the reference about people in the
27 nursing program. I can tell you right now that a professor in a
28 community college system, teaching in health sciences, makes

1 close to \$100,000 a year equivalent. I don't think nurses, the
2 average nurse is making \$100,000 a year, plus has tenure, plus
3 has retirement benefits, plus has everything else.

4 Also, from the compensation packages that I've
5 looked at, there's a lot of cases where we provide lodging, we
6 have retirement, we have health benefits.

7 So, I think the total package looks pretty good.

8 One of the concerns that I have, let me go to a
9 couple of issues regarding the Auditor's Report that came out.
10 I'm assuming that you're familiar with that report.

11 In this report, it said the average executive
12 compensation increased by 25 percent. Executives received 3
13 salary increases during the time. This is over the last five-
14 year period, I guess.

15 During that are same period of time, we have a
16 faculty, though, only increased 5.6 percent to 6 percent. And
17 management personnel increased by 10 percent.

18 Well, it could be that you might be a little top
19 heavy here, is one of the suggestions that I might want to make
20 to you.

21 What I'm really concerned about is, there were a
22 series of recommendations also, though.

23 MS. ACHTENBERG: Yes.

24 SENATOR DUTTON: And my understanding is that you
25 were somewhat in agreement with the report regarding the
26 criticism regarding oversight, because you have cases here, and
27 I'm not going to get into a lot of detail, but there's some
28 cases here about people receiving compensation for virtually not

1 really doing anything over long periods of time, with the idea
2 that they're on some kind of extended sabbatical, or something,
3 and somehow they're going to get \$100,000 a year.

4 I don't know what kind of sabbatical they went
5 on, but that seemed like an excessive period of time. Which
6 also indicates that there's lack of oversight and so forth.

7 Now, somebody needs to start being held
8 accountable for these types of problems. And also, it becomes a
9 little bit of a concern when we start taking a look at these
10 kind of reports, and then we're supposed to have a great deal of
11 confidence about throwing more money at a situation, when
12 frankly, I'm not so convinced that the taxpayer dollars are
13 being wisely spent here.

14 So, I'd like to hear it. There's some
15 recommendations. It talked about creating a centralized
16 information structure to catalog compensations, provide some
17 effective oversight.

18 Have we been acting on that recommendation?

19 MS. ACHTENBERG: Yes, we have.

20 SENATOR DUTTON: Okay. And we're strengthening
21 the compensation policies for reimbursing costs and disclosing
22 other employment in determining compensation?

23 MS. ACHTENBERG: Yes, all those recommendations
24 have been acted on in the affirmative.

25 We have provided for a much more transparent
26 process, and a regular process -- regular reports from the
27 Chancellor to the board on every one of the issues that was
28 identified there.

1 I would only point out that with 32 auditors in
2 our offices for many, many months, I grant you that the three or
3 four cases that were identified there are three or four cases
4 too many.

5 But the auditors did not find anything systemic.
6 They found no violations of law or policy.

7 They found a number of situations which needed to
8 be improved, and the Board of Trustees has considered every one
9 of those situations and adopted the auditor's recommendations,
10 either in principle or in fact. And we've counter-proposed
11 others ways of dealing with the same thing, and we're currently
12 in negotiations with the auditors on those few issues where we
13 proposed a different methodology to achieve the same end.

14 SENATOR DUTTON: We can expect full compliance
15 relatively quickly with the auditor's recommendations?

16 MS. ACHTENBERG: Indeed. Our response to the
17 Audit Report was that we intended to comply with every
18 recommendation.

19 DR. MEHAS: Senator, I'd just concur with you.

20 We agree with you that some of those cases simply
21 were not acceptable.

22 And we are responsible. That is why the board,
23 upon the Chancellor's recommendation, took swift -- to correct
24 those areas.

25 I also appreciated the fact that we're looking at
26 total compensation, because sometimes you can only look at one
27 area and see whether it -- but what is it from all areas, not
28 just auxiliary organizations or anything else. So, look at

1 total compensation, and be total transparent.

2 And things now, some of these areas will come to
3 the board for us to review and approve.

4 MS. ACHTENBERG: I would only point out, in
5 addition to the State Auditor's Report, we recently received the
6 report of our auditors who audit the four billion dollars that
7 run through the system.

8 There were no exceptions. I mean, we have a
9 clean audit.

10 This board takes very seriously the obligation
11 that we have to see to it that the taxpayer dollars are
12 accounted for.

13 Who's our auditor? KPMG. They spend months
14 investigating every single expenditure, all of our auxiliaries,
15 as well as our operation in chief.

16 We had no -- you know, no exceptions to our audit
17 whatsoever, and we're a four billion dollar institution.

18 So, I'd like that finding to sit side-by-side
19 with the State Auditor's findings, which we will address and
20 have already begun to address.

21 SENATOR DUTTON: Well, I'll make one final
22 statement.

23 It's my opinion that when you're paying somebody
24 \$300,000 a year, plus housing, plus all these other benefits and
25 a retirement benefit, that that's pretty good compensation.
26 That's more than you pay the Governor of the State of
27 California; it's more than his pay scale. It's close to the
28 President of the United States.

1 So, I think that we have a right to expect that
2 we wouldn't see these kind of problems.

3 So, I'm going to trust you two will definitely do
4 your part to make sure that we're we not embarrassed in the
5 future.

6 So, thank you.

7 MS. ACHTENBERG: Thank you.

8 DR. MEHAS: Thank you, Senator.

9 CHAIRMAN PERATA: Senator Cedillo, anything?

10 SENATOR CEDILLO: I have a separate question for
11 Dr. Mehas, but I'll save it.

12 CHAIRMAN PERATA: Save it for another day.

13 Anyone in the audience who would like to speak in
14 favor of one or both?

15 MS. TAIZ: Chair Perata and Senators, my name is
16 Lillian Taiz. I'm the President of the California Faculty
17 Association.

18 I'm here to convey CFA's support for the
19 reappointment of Chair Roberta Achtenberg to the CSU Board of
20 Trustees.

21 It's a little unusual for us, because the
22 California Faculty Association certainly has had its differences
23 with the board.

24 But last November, I invited the CSU Board of
25 Trustees to embark on a new relationship with CFA, one that
26 would recognize that at times we will be on opposite sides of an
27 issue, but that when issues came up on which we could agree, we
28 should do everything in our power to work together. I proposed

1 to the board that we open lines of communication and begin to
2 take on the challenges before us.

3 In a clear demonstration of leadership, Chair
4 Achtenberg accepted my proposal immediately, and by the first of
5 the year we had had our very first meeting. We have all ready
6 identified significant areas of agreement.

7 We are, as a result, working together as never
8 before to address really what we all feel like is a devastating
9 budget proposal that will deny access and all ready has to
10 thousands of students. It will dismantle the kind of progress
11 that we've been able to make in light of the cuts that we've had
12 in the past.

13 CFA believes that Chair Achtenberg is
14 demonstrating a real willingness to work with students, the
15 faculty, and the staff to help preserve access in the long-term
16 for future generations of Californians. We believe that she
17 understands that the CSU really is part of the solution for the
18 state. And so, we are happy to work with her on ensuring that
19 everyone knows that.

20 So, CFA and all of the members of the faculty
21 that we represent heartily support the reappointment of Chair
22 Achtenberg to the Board of Trustees.

23 We look forward to working with Pete Mehas. We
24 know him from some past interaction, but we do hope that we will
25 have a positive relationship as we move forward.

26 I thank you very much.

27 CHAIRMAN PERATA: Thank you.

28 Anyone else? Anybody in opposition?

1 Seeing none, how many hours do you guys put in a
2 month? I know you get \$100, so it's probably a lot.

3 MS. ACHTENBERG: As Chair, I spend about 20 hours
4 a week.

5 When I was Trustee, maybe 10 hours a week. It's
6 a substantial responsibility, Senator.

7 CHAIRMAN PERATA: The same, Pete?

8 DR. MEHAS: I'm learning. I'm putting in at
9 least 10 hours on the homework that we get.

10 But the visitations are very, very productive.
11 When you do have two or three days to visit each campus and go
12 back, it is time consuming but it is very rewarding.

13 And that's the only way you learn. You've got to
14 get there, talk to people and interact. And so, it's time
15 consuming, but rewarding.

16 CHAIRMAN PERATA: Thank you.

17 Motion?

18 SENATOR CEDILLO: Move.

19 CHAIRMAN PERATA: We have a motion to approve.
20 Please call the roll.

21 SECRETARY WEBB: Cedillo.

22 SENATOR CEDILLO: Aye.

23 SECRETARY WEBB: Cedillo Aye. Dutton.

24 SENATOR DUTTON: Aye.

25 SECRETARY WEBB: Dutton Aye. Ashburn.

26 SENATOR ASHBURN: Aye.

27 SECRETARY WEBB: Ashburn Aye. Perata.

28 CHAIRMAN PERATA: Aye.

1 SECRETARY WEBB: Perata Aye. Four to zero.

2 CHAIRMAN PERATA: We'll keep the roll open for
3 Senator Padilla.

4 Thank you both. I've been very impressed.

5 [Thereafter, SENATOR PADILLA

6 voted Aye, making the final

7 vote 5-0 for confirmation.]

8 [Thereupon this portion of the

9 Senate Rules Committee hearing

10 was terminated at approximately

11 3:08 P.M.]

12 --ooOoo--

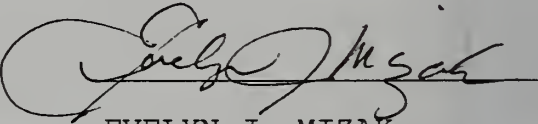
CERTIFICATE OF SHORTHAND REPORTER

I, EVELYN J. MIZAK, a Shorthand Reporter of the State of California, do hereby certify:

That I am a disinterested person herein; that the foregoing transcript of the Senate Rules Committee hearing was reported verbatim in shorthand by me, Evelyn J. Mizak, and thereafter transcribed into typewriting.

I further certify that I am not of counsel or attorney for any of the parties to said hearing, nor in any way interested in the outcome of said hearing.

IN WITNESS WHEREOF, I have hereunto set my hand this 1st day of February, 2008.


EVELYN J. MIZAK
Shorthand Reporter

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APPENDIX

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

700 K STREET
SACRAMENTO, CA 95811-4037
DD (916) 445-1942
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December 18, 2007

The Honorable Don Perata
California State Senate
State Capitol
Sacramento, CA 95814

Attention: Nettie Sabelhaus
Rules Committee Appointments Director

Dear President pro Tempore:

Thank you for the opportunity to address the Senate Rules Committee on January 30, 2008, regarding my confirmation as Director of the Department of Alcohol and Drug Programs (ADP).

Below you will find my responses to the questions in your letter of November 26, 2007. I am available at your convenience to provide any additional information you may need prior to the hearing.

QUESTIONS:

- 1. What do you hope to accomplish during your tenure as director of ADP? How will you accomplish these goals and measure your success?**

I believe that the 150,000 Californians who enter alcohol and drug treatment programs every year should receive good and compassionate care. Given the trust clients, their families, and communities place in our publicly funded prevention and treatment programs, ADP must continue to strive for the best quality of care. ADP must continue its role of balancing client and community needs and concerns.

For the past ten months, I have been meeting with counties, constituent groups, and treatment providers to find out what is and is not working within California's alcohol and other drug (AOD) service system. I have listened and I have learned. I have taken what I have learned to develop the top priorities for my tenure at ADP.



DO YOUR PART TO HELP CALIFORNIA SAVE ENERGY
For energy saving tips, visit the Flex Your Power website at
<http://www.fypower.org>

My goal as Director of ADP is that every treatment provider in California will meet mandatory standards of care that are higher than what we have in place now. Under current law, residential treatment programs, narcotic treatment programs and driving-under-the-influence programs must be licensed. The licensing process for residential treatment primarily covers bricks and mortar to ensure basic client safety. ADP's separate certification process delves more deeply into standards for alcohol and drug treatment. However, certification is voluntary, and ADP has limited enforcement authority over the certification standards.

Initially, I will focus on developing standards for women's and youth programs. There is significant evidence that women and youth experience better outcomes when treatment is tailored to their specific needs.

In my first month as Director of ADP, I established the Office of Women's and Perinatal Services (OWPS) by expanding the existing Perinatal Unit, and charged OWPS with developing treatment standards for all women's programs. OWPS recently convened a panel of experts in women's treatment to develop a framework for standards of care. The framework includes minimum standards for treatment as well as a gold standard for programs that wish to provide a higher level of service. I've also asked staff to develop a women's treatment certification for counselors who treat female clients.

Youth have treatment needs that are not adequately addressed by an adult treatment system. ADP published *Youth Treatment Guidelines*, revised in 2002, which set out standards of care for adolescents and offers a plan for building a youth treatment system. The guidelines are voluntary.

To measure results, I will rely on the California Outcomes Measurement System (CalOMS) and Performance Measures. CalOMS, which measures client outcomes, became operational in all 58 counties in 2006. The data collected under CalOMS allows the State to learn more about California's treatment population and their level of success in treatment. Ultimately this information can lead to program changes to improve client outcomes. Performance Measures will be developed to assess the performance of treatment programs and provide a basis that allows for program adjustments and improvements.

Developing quality standards for all programs, measuring outcomes, and setting performance standards are elements that are necessary to provide quality care for AOD treatment clients. I look forward to the opportunity to work with the Legislature on these important issues during my tenure as Director of ADP.

It is my goal as Director of ADP, to be a part of the solution to the prison crisis. By assuring that sufficient AOD treatment capacity is available for parolees, ADP has the ability to help the California Department of Corrections and Rehabilitation (CDCR) in its effort to move parolees back into their communities as contributing members of society. My close working relationship and collaboration with counties, stakeholders, and provider groups enables me to identify urgent demands and facilitate increased accessibility for treatment needs in California communities.

2. How should the State use outcomes data to administer and improve the quality of AOD programs? Should California develop statewide, outcome-based quality control standards for all publicly-funded AOD programs? Why or why not?

ADP must ensure public funds are used efficiently to provide quality, effective prevention and treatment services. In order to meet those goals, ADP must set statewide outcome-based quality standards for programs.

A tremendous investment has already been made by counties, providers, and thousands of individual AOD counselors and prevention specialists in the field to document outcomes so that improvements are made in services. ADP has added to that effort by developing CalOMS.

CalOMS provides a variety of data on prevention and treatment services and outcomes. This system assists ADP, county AOD administrators, and program providers to determine the effectiveness of different AOD services for different types of clients, identify weaknesses or gaps in services, and provide feedback to enhance system performance and improve resource allocations.

By focusing on the aggregated data from all programs ADP can address a variety of broad questions about outcomes and the best use of available resources. This approach is leading to a self-correcting service delivery system in which continuous feedback is used to improve services, make management decisions, and refine policy.

While it is known that treatment is effective, it is also known that no single treatment approach is effective for all persons with AOD problems. Outcomes are determined by a variety of factors: the characteristics of individuals seeking treatment; the nature and severity of their problems; the treatment process and the services provided; the post-treatment environmental conditions; and, the interactions among these factors. Therefore, I intend to explore all reasonable means to improve the quality of these services.

It is critical that quality standards be developed to ensure services are appropriate; that persons seeking treatment will receive safe, effective services; that families of persons in treatment know what to expect; and that both clients and families know that addiction is a chronic disease that can be effectively addressed and treated.

The next step is setting a baseline of performance and identifying programs above and below the average level of performance in outcomes measures. Working with stakeholders and counties, ADP will identify effective services and direct technical assistance resources to where they are needed.

A sufficient quantity and quality of data must be collected. Knowledge is to be developed from these data and disseminated to the field, as well as to other service systems, such as health, social services, schools, mental health, and criminal justice. Under my direction, ADP has begun an evaluation of CalOMS data to ensure that quality data is collected and used to the greatest advantage.

3. How will you use your role as a member of C-ROB to collaborate with CDCR and other agencies to improve the coordination of substance abuse treatment with other rehabilitation services for inmates and parolees?

There are currently two separate systems of care for parolees at the county level. While CDCR provides services for parolees, ADP is the single State agency responsible for the provision of publicly funded substance abuse treatment for California. In order to provide better service delivery, I am taking an active leadership role as a member of C-ROB to bring the two systems together for improved outcomes.

Upon implementation of the Substance Abuse and Crime Prevention Act of 2000 (SACPA), ADP and its partners created a collaborative model for service delivery at the county level. Criminal justice, court staff, county administration, and treatment providers have a delivery system that provides substance abuse treatment and other rehabilitative services for probationers and parolees. As the Director of ADP, I will build upon these current collaborative models to enhance services for parolees. Community treatment with a case management approach works. SACPA has shown that while parolees need more intensive services, they can obtain successful outcomes.

I will work collaboratively with CDCR and local criminal justice agencies to provide ongoing input into how treatment services should be provided for in-custody clients. Through providing technical assistance, I can bring a wealth of historical research combined with current trends and best practices to serve inmates with addictions.

As the Director of ADP, it is my goal to be a part of the solution to the prison crisis. ADP has the ability to help CDCR move parolees away from addiction and back into their communities as contributing members of society by building upon our existing collaborative relationships.

4. Is ADP involved in planning for expanded community-based substance abuse treatment services for parolees and youth offenders? What is the capacity of local AOD treatment programs to serve more parolees and youth offenders? How does ADP plan to facilitate the timely licensing and certification of AOD treatment programs to serve more parolees and youth offenders?

Yes, ADP is involved in planning for expanded community-based substance abuse treatment services for parolees and youth offenders through my personal active participation on C-ROB. My staff and I frequently engage in other collaborative efforts and frequent communication with CDCR.

My criminal justice programs continuously plan, focus, collaborate, and promote actions to improve upon parolee outcomes and reintegration into society through expanded, appropriate treatment. They include SACPA, the Drug Court Partnership (DCP) Act, the Comprehensive Drug Court Implementation (CDCI) Act, the Parolee Services Network (PSN), the Female Offender Treatment Program (FOTP), and the Offender Treatment Program (OTP).

As Director, I also chair the Offender Treatment Advisory Group (OTAG) which improves treatment program outcomes, including the use of strategies identified by the five-year SACPA evaluation conducted by the University of California, Los Angeles (UCLA), as well as by other evidence-based research. OTAG includes representatives from criminal justice, substance abuse treatment, and other related fields. CDCR has a membership seat on the OTAG and has helped to enhance system integration and provide input to ADP and other agencies to improve service between criminal justice agencies and drug treatment systems.

I am coordinating efforts with CDCR to ensure sufficient treatment capacity is available for parolees released into AOD treatment programs. My close working relationship with counties, stakeholders, and provider groups enables us to identify urgent demands and facilitate increased accessibility for treatment needs in California communities.

ADP is well prepared for expected demands to increase treatment capacity. In the SACPA implementation ADP saw a significant increase in licensing and certification activity. Based largely on that experience, ADP received additional

staff in the 2007-08 Budget to address capacity increases driven by CDCR's need to access additional community-based services.

ADP's experience with SACPA also shows that the drug treatment field is willing and able to respond to increased demand for both residential and outpatient services for both parolees and youth offenders. Outpatient services can typically expand more easily as their physical plant needs are less of an obstacle than is the case for residential services.

Regarding youth offenders, there are approximately 16 juvenile drug courts throughout California funded through CDCI. Services include court supervision, drug treatment, drug testing, frequent court status hearings, and other court activities and probation conditions geared toward accountability, rehabilitation, long-term sobriety and cessation of criminal activity.

I am committed to the recent expansions to the drug courts which have focused on serving adult populations in order to help reduce the prison population. There are no current plans to expand capacity for youth offenders under drug courts. However, I have, and will continue to, advocate for more youth treatment in California.

5. How can ADP promote greater use of evidence-based practices in SACPA at the local level? How are ADP and counties collaborating to address barriers to treatment among Hispanics, African Americans, parolees, and other subpopulations with less successful SACPA outcomes?

I will promote greater use of evidence-based practices in SACPA at the local level by identifying best practices through CalOMS and the SACPA Reporting Information System (SRIS). Under my direction, ADP funded a long-term independent statewide evaluation of SACPA conducted by UCLA. A new contract is scheduled to start on January 11, 2008.

The results of the research and evaluation are currently being used to propose and adopt treatment improvements for counties and treatment providers to achieve greater client accountability and better program outcomes. ADP is continuously collaborating with county administrators, parole agents, case managers, treatment providers, and CDCR to improve systems integration between criminal justice agencies and treatment services within the counties.

Outcome data and research findings are shared with counties and treatment providers through a collaborative stakeholder process that includes stakeholder

meetings and conferences. ADP also shares information and best practices through formal communication, such as All-County Lead Agency Letters.

Treatment barriers among subpopulations with historically less successful SACPA outcomes, such as Hispanics, African Americans and parolees, are addressed through the SACPA Annual County Plan Process. Through collaborative efforts, ADP encourages counties to conduct timely, localized, and accurate assessments of client needs and to expand capacity on a local level. Counties are also encouraged to conduct cultural competency training in order to improve knowledge of cultural differences and develop skills to work in multicultural situations. To improve outcomes for parolees participating in SACPA, ADP will continue to work with CDCR to increase supervision with dedicated SACPA parole agents and to continue close collaboration between parole agents, county agencies and treatment providers.

To improve the cultural and linguistic competence of services for all clients, ADP has, under my direction, entered into a project with the UC Davis School of Medicine, Center for Reducing Health Disparities to consider what steps ADP may be able to take in this area. Issues of priorities and resources are still under review by ADP's management team.

Every research evaluation raises more questions. I will continue to utilize all evaluation tools at my disposal to identify emerging issues, evaluate promising practices, and document treatment outcomes to stay at the forefront of treatment research. ADP will answer questions raised and share and use the information to improve the quality of care and service delivery in California.

In addition, ADP is planning a pilot study to validate an assessment tool that offers considerable promise to improve the appropriate matching of drug offenders to treatment services.

6. What are the Department's plans for ongoing monitoring of SACPA implementation and outcomes?

I will continue to monitor SACPA implementation and outcomes using CalOMS and other data systems. In addition, ADP has contracted with UCLA to provide an ongoing evaluation of the program. A new contract is scheduled to start on January 11, 2008. The evaluation will contain the effectiveness and financial impact of programs funded under SACPA and OTP.

The overall goals of the next "SACPA III Evaluation" focus on program improvement. The evaluation will specifically identify and assess promising

practices including the efficacy and transferability of those practices and how individual practices contribute to overall system performance. The evaluation will identify and study special and high-cost populations to understand service needs of these groups and the contribution of these populations to SACPA performance. It will develop, implement, and assess the value of county- and provider-level performance measures to use in focusing process and management improvement and will continue administrative data and benefit-cost analyses at the State and local levels. A methamphetamine report will also be included as part of the SACPA III Evaluation.

In addition, ADP is planning a pilot study to validate an assessment tool that offers considerable promise to improve the appropriate matching of drug offenders to treatment services.

7. Please briefly summarize the outcomes for youth receiving publicly funded AOD treatment. Are there gaps in the State's data collection on youth treatment outcomes and if so, what needs to change in the collection of data?

Using statewide data for all youth, ages 12 through 17, ADP found that, in Fiscal Year 2006-07, there were 21,910 youth admitted to treatment services. During this same period 17,786 were discharged with 4,849, or 27 percent, successfully completing treatment.

The following outcomes captured at discharge indicate changes during treatment. The sample size for this data is small because it only represents those clients for whom both admission and discharge data were available. This data shows that, for the 30-day period prior to discharge, 74 percent of the clients abstained from alcohol and 75 percent abstained from their primary and secondary drug of choice. There was a 123 percent increase in the use of social support activities. For those who had previous criminal justice histories, criminal justice involvement declined 60 percent.

The CalOMS Outcomes questions are based on the federal National Outcomes Measures and were collaboratively developed with stakeholder input from the field including county administrators, constituency groups, providers, and researchers. The outcomes information collected from youth include discharge status, length of stay, recent history of use, recent arrests, employment and school status, support group participation, and living arrangements.

Providers and counties are not required to submit some of the outcomes questions for youth who enter treatment before their 18th birthday. While youth suffering

from addictions have several outcomes in common with adults, it is vitally important for California to identify treatment strategies and outcomes that are age and developmentally-appropriate to youth. Such questions might include information on school success, family support, and mastery of life skills which would assist in recovery. Working with youth service providers, the Department can identify additional outcomes questions more relevant to youth.

8. **Please identify examples of successful youth treatment programs coordinated across the substance abuse, juvenile justice, social services, health, mental health, and education systems at the local level? What do these examples share in common and how could ADP work with State and local partners to encourage replication of these programs?**

There are several exemplary programs that bring together vital service systems to address youth AOD abuse. Such examples include Tracy's Place of Hope, Thunder Road and Walden House in the Bay Area, the Wolfe Center in Napa, and Phoenix House and Tarzana Treatment Centers in Southern California.

Tracy's Place of Hope

Provides and coordinates gender specific residential treatment for adolescent girls with a dual focus on both substance abuse and mental health issues. It is a specialized program designed for "at-risk" or "high-risk" female youth presenting with range challenges that impact their recovery, such as criminal justice involvement, trauma and abuse, community violence, family conflict, school difficulties, homelessness, or socio-economic hardship.

Thunder Road

Provides and coordinates residential and intensive outpatient AOD treatment services, education with a school on site (run by the Alameda County Office of Education), mental health services, juvenile justice (probation or court liaison, orders), and works with social services (foster care).

Walden House

Provides and coordinates gender-specific residential treatment and outpatient services, education with a school on-site, with separate academies for boys and girls (run by San Francisco Unified Day schools and a non-public school), mental health services, coordinates with Juvenile Justice (Juvenile Drug Court), and works with social services (foster care).

Wolfe Center

Provides intensive outpatient treatment services; coordinates with education with a school on site (Napa County Office of Education), mental health services, services

for youth on probation and in Juvenile Hall (through Napa Probation Department) and works with social services (foster care).

Phoenix House

Provides outpatient and residential AOD services, coordination with juvenile justice, on-site school, and mental health services in a group home environment.

Tarzana Treatment Centers

Provides and coordinates substance abuse and mental health treatment to adults and youths. Tarzana Treatment Centers operate a psychiatric hospital, residential and outpatient treatment centers and family medical clinics. Tarzana Treatment Centers are accredited by the Joint Commission.

The commonality of these programs is a strong vision by the founders and directors to meet all the needs of the youth they serve. These organizations have been in their respective communities for several years, have diversified their funding base and have established themselves as respectable providers. They have also sought community, private endowments, and grant funding to meet the many complex needs of a vulnerable population. A tremendous amount of dedication and commitment is required to serve this population and meet the variety of needs of our youth.

These organizations have also had a strong commitment to quality improvement and going above and beyond minimum expectations, and some of them are certified by independent accrediting bodies such as the Joint Commission and the Commission on Accreditation of Rehabilitation Facilities. They provide for constant client feedback and satisfaction. These programs are constantly updating services and utilizing evidence-based practices, positioning services for future success as well.

ADP has oversight of the planning and establishment of county-based programs. ADP is also the Single State Agency authorized to receive and allocate federal and State funds for AOD services. As gaps in youth treatment services are identified, I look forward to collaborating with State and local partners to identify and address needs, strategies, and resources. ADP will need to learn from existing exemplary programs in order to develop and implement high quality and effective youth treatment programs.

9. Are there any AOD treatment protocols or standards for services to youth in foster care group homes? If not, should there be and how could ADP work with DSS to establish treatment protocols or standards for group homes that provide AOD treatment to youth?

While there are no mandated protocols or standards for youth AOD treatment within group homes, there are ADP *Youth Treatment Guidelines*. These *Guidelines* were developed by a multi-disciplinary workgroup to develop standards for youth treatment in 2000, and revised in August 2002. The *Guidelines* are a set of best practices to ensure that youth treatment services are safe, appropriate, and cost-effective. Although not mandatory, these *Guidelines* are appropriate for all youth AOD treatment, including foster care group homes.

ADP is authorized to license only adult non-medical residential AOD services. A residential facility for youth must be licensed by the CDSS. Group homes are locally driven. The Group Home Program Statement describes the purpose, goals and activities. It outlines what characteristics or behaviors the home will accept (e.g., developmental disabilities, AOD use, gang involvement) and lists the services the home will provide. Group homes are paid a per-child, per-month rate in return for the board, care, supervision, and social work activities provided from CDSS. There are 25 programs licensed by CDSS and certified by ADP under our voluntary certification standards to provide AOD services within the group home as of September 30, 2007.

Many youth in group homes have AOD problems. The social worker makes the determinations for which services are needed. If a social worker identifies an AOD problem during the youth's initial assessment, it will be noted in the case plan. The group home will then be responsible to provide access to appropriate treatment services in the community. Ordinarily, these take the form of out-patient or 12-step programs. The social worker monitors the provision of services.

ADP and CDSS are working together to exchange information informing the child welfare field about AOD services. Youth in group homes are typically covered by Medi-Cal and other county services, including AOD services. In Fiscal Year 2006-07, there were 360 publicly-funded programs that admitted 21,910 youth. ADP continues to work with CDSS to create incentives for group homes to accurately screen, assess, and provide effective AOD services for youth.

10. Please briefly describe the Department's implementation of a new fee structure for the licensure and certification of AOD programs. In developing its fee policies, how has the Department considered the ability of nonprofit organizations to pay a fee?

On August 24, 2007, Chapter 177, Statutes of 2007 (Senate Bill 84), was enacted. This bill included authority for ADP to assess fees to all licensed and certified residential and certified outpatient AOD recovery and treatment facilities regardless of the form of organization or ownership. Previously only for-profit residential licensees paid licensing fees.

ADP convened a fee workgroup to develop a fair and equitable fee structure for all facilities. The fee workgroup included the standard stakeholder representation of nonprofit and for-profit providers, small and large providers, county representatives, and other provider group representatives, including those representing Narcotic Treatment Providers. The workgroup considered the needs of the smaller nonprofit providers to minimize possible negative impact on access to treatment and the AOD workforce. ADP, in consultation with the fee workgroup, established a fee structure to determine the amount of fees using the Licensing and Certification Division's (LCD) annual expenditures for AOD licensure and certification activities.

In order to not create a disproportionate fee amount for smaller providers, the fee workgroup recommended that ADP establish a fee structure that would create a fair and equitable distribution of LCD costs. Under the new fee structure, ongoing license fees are based on bed capacity so that programs pay based on their size.

ADP Bulletin #07-11, mailed on October 11, 2007, notified all licensed and/or certified providers, applicants, County Alcohol and Drug Program Providers, CADPAAC, and the Director's Advisory Council of the new fees. On October 19, 2007, ADP mailed fee notices to providers.

In addition, due to the mid-year implementation, ADP initiated a one-time process to extend the due date for payment of the fees to June 30, 2008, for those providers that may be experiencing a hardship and need additional time to budget for the fee amount. ADP's intention is to make the extension reasonably generous and simple to implement. The letter, containing criteria for requesting an exception, was mailed on November 21, 2007.

ADP also continues to respond to inquiries regarding the new fee and work with individual providers to explain the fee assessment and to address any concerns and questions.

11. Please describe the major activities conducted and funded by OPG and identify the populations targeted and services provided through those efforts. What information about OPG's activities is reported on an ongoing basis to the Gambling Control Commission?

ADP's Office of Problem and Pathological Gambling (OPG) has focused on addressing the mandates and activities contained in the Welfare and Institutions Code. Activities, described below, include a public awareness campaign, training, research, the establishment of toll-free helplines, and the development of a statewide strategic plan to address problem and pathological gambling.

OPG's public awareness campaign includes the implementation of a radio and outdoor print public awareness campaign. Radio ads were developed in English, Spanish, Cantonese, Korean, Vietnamese and Tagalog. The public awareness campaign also included problem gambling signage at high school football games throughout the State, radio interviews and signage in sports arenas.

OPG has contracted with a statewide youth organization to work with local schools and youth organizations to develop prevention materials created by youth for youth. As a result, several plays and DVDs are in production and will be completed in spring 2008. The DVDs will be distributed to youth groups throughout the State. The youth organizations also conducted an art contest and will develop print materials.

OPG has developed multiple problem gambling prevention brochures, posters and other print materials for the general public. The brochures include information for youth, parents and elders. Many of the print materials are available in English, Spanish, Chinese, Vietnamese, Tagalog and Korean. All print material are available free of charge through the ADP Resource Center. The Resource Center reports that 980,233 pieces of problem gambling prevention literature were provided upon request between July 1, 2006 and June 30, 2007.

OPG has also produced problem gambling awareness signs and responsible gambling materials with the statewide toll-free helpline number for use in gambling establishments. Information on the availability of the materials and how to order them has been provided to tribal casinos and licensed cardrooms and their respective associations.

OPG has established a multi-year contract with the National Asian Pacific American Families Against Substance Abuse (NAPAFASA) to develop, coordinate, and provide problem gambling prevention training to communities and organizations throughout the State of California. The services provided include

problem gambling prevention related research, technical assistance and training services on community and environmental problem gambling prevention, cultural and linguistic competency, training on community problem gambling prevention theory and practice, and training and technical assistance on recognizing the problem gambling warning signs, prevalence rates, and the impact of problem gambling on individuals, families, and communities

In Fiscal Year 2006-07, NAPAFAASA reports that, through the technical assistance contract, they provided problem gambling specific training to members of the Asian Pacific Islander Community; in the Latino/Latina community; and in the African American community, as well as other individuals.

OPG has coordinated several studies by contractors. These studies include the Situational Assessment of Problem Gambling Services in California, the 2006 Statewide Problem Gambling Prevalence Study, an analysis of data collected on the impact of gambling on the Asian Pacific Islander Communities of Los Angeles, and an Evaluation of Telephone Brief Intervention Services.

OPG provides funding to the California Council on Problem Gambling to provide helpline crisis management and resource referral services 24-hour a day, seven day a week. The helpline is staffed by counselors, with master's degrees, who have specific training on problem gambling. The helpline includes translation services for non-English speakers in over 175 languages. In FY 2006/07, over 6,500 problem gamblers obtained assistance through the helpline. In addition, OPG contracts with the NICOS Chinese Health Coalition in San Francisco to provide helpline problem gambling services in Cantonese and Mandarin for problem gamblers in the San Francisco Bay area.

In September 2005, OPG convened an Advisory Group to provide feedback and input on developing a statewide plan on problem gambling. The group includes representatives from the Gambling Control Commission, the State Lottery, the California Horse Racing Board, the Department of Mental Health, local alcohol and drugs programs, the California Council on Problem Gambling, the Asian Pacific Islander Problem Gambling Task Force, researchers, law enforcement (probation), licensed cardrooms, and tribal casinos.

The Advisory Group provided essential advice on the development of the OPG statewide plan. The plan was completed in November 2006. OPG has maintained the Advisory Group for input as the Office develops services and updates the statewide plan.

The Gambling Control Commission is represented on the OPG Advisory Group and receives regular updates on all OPG activities in that venue. Additionally, the

Commission has OPG provide updates annually in February or March during regularly scheduled public Commission meetings. Items covered over the past two years include a general overview of OPG activities and an overview of the findings of the 2006 California Problem Gambling Prevalence Study. The OPG Director also responds to specific inquiries from individual Commissioners on an as-needed basis.

12. How does OPG coordinate with other State agencies, including the Gambling Control Commission, Horse Racing Board, Department of Justice, Department of Corrections and Rehabilitation, State Lottery Commission, and Department of Mental Health?

OPG includes representatives from the Gambling Control Commission, the State Lottery, the Horse Racing Board, the Department of Justice and the Department of Mental Health on the OPG Advisory Group. The Advisory Group meets three to four times annually.

Additionally, OPG works closely with these organizations in planning activities for Problem Gambling Awareness Week each March. The other State agencies distribute OPG prevention materials and work collectively on messages and in promoting a higher level of awareness by the general public, regulators and the gambling industry. Last year, OPG provided the Lottery with nearly one million responsible gambling brochures in multiple languages for distribution. Each year the Department of Mental Health distributes prevention and awareness materials to mental health providers throughout the State.

OPG provides draft materials to the Gambling Control Commission, the Department of Justice and other State agencies for review and feedback. OPG provides prevention materials to the State agencies mentioned above along with libraries, local prosecutors, probation department, State-level enforcement personnel, and colleges.

During the current year, the State Lottery is funding and working with OPG to develop a television public service announcement and plan to provide OPG with \$25,000 for the cost of printing responsible gambling materials for distribution at the Lottery's retail outlets. OPG reviews and provided feedback to the legal staff at the Gambling Control Commission on new regulations for cardrooms related to problem gambling and the self-exclusion program. OPG have provided the UCLA-developed self-help booklet to the Department of Justice and the Gambling Control Commission to distribute to people enrolling in the newly established self-exclusion program.

The ADP Deputy Director responsible for OPG also provides presentations to the Gambling Control Commission and the Lottery Commission on OPG activities during Problem Gambling Awareness Week.

13. What proportion of management and other staff at ADP are expected to retire in the next five years? What is ADP doing regarding succession planning to fill vacancies due to expected retirements?

Employees in ADP are eligible to retire as early as age 50. However, it is difficult to predict actual retirement because many staff retire at a later age for a variety of reasons. ADP monitors employee demographic data in order to determine the percentage of employees who are retirement eligible and assess the impact on its future supply of staff. Based upon a review of employee data in 2006, ADP identified the following information to facilitate its succession planning process:

- The average age of all staff in ADP is 46.8 years.
- 46.45 percent of ADP staff are 50 years of age or older.
- The average age of staff in positions at the middle management level and higher (SSM II level and above) is 50.7 years.
- 34.5 percent of all staff in ADP are between 40 and 49 years of age.
- 19 percent of all ADP staff are 39 years of age or under.

Given the above employee demographics, ADP recognizes that there is a potential for significant loss of institutional knowledge and technical expertise.

ADP is utilizing recruitment, training, development, and retention strategies which align with the direction of the California Health and Human Services (CHHS) Agency in order to enhance the department's ability to fill critical vacancies and retain highly skilled staff.

Human Resources (HR) staff annually conduct an examination planning process to assure that upcoming examinations meet the needs of the Department and includes an assessment of future vacancies, including those that will result from retirements, and staff readiness to participate competitively in the examination process. From this information HR develops a comprehensive plan which identifies timeframe for all of the examinations that will be conducted during the next fiscal year.

In addition to exams conducted at the department level, ADP works with other departments to identify common examination needs and opportunities to conduct multi-departmental examinations. Multi-departmental examinations present an efficient way to reduce the examination and hiring timelines and maximize limited personnel resources. ADP recently participated in both the multi-departmental

exams for Associate Governmental Program Analyst and Staff Services Manager I (SSMI). The SSMI exam included not only internal candidates, but also qualified individuals from outside State service who can bring new perspectives and ideas to the organization. ADP strongly supports CHHS in exploring further opportunities to conduct open examinations for other managerial level classifications.

Another component of ADP's succession planning includes assuring that the department's staff possess the requisite competencies to assume the responsibility of critical positions as they become vacant. ADP uses the annual performance appraisal/Individual Development Plan (IDP) process as well as training and development strategies to identify gaps between employees' required competencies and their actual skill sets and to close identified gaps. The IDP process can also be used to identify and develop those individuals who express an interest in moving to higher levels within the Department. ADP Executive Staff has demonstrated a strong commitment for the annual performance appraisal process and holds managers and supervisors accountable for the timely completion of performance appraisals and Individual Development Plans (IDPs). ADP works with California State University Sacramento to provide mandatory and refresher training for management and development training for our professional staff.

ADP currently participates in the Upward Mobility program with two individuals actively working on programs that will afford them the opportunity to promote within ADP. These employees are dedicated to the mission of this department and have an interest in long term employment with ADP.

ADP has begun the process of conducting a Training Needs Assessment. This will provide for a better, more focused investment in training that help staff develop critical analytical skills to perform their duties and to ready analysts for filling first-line supervisor positions as they become vacant. ADP will also be exploring opportunities to team with other departments to provide classes which are necessary for our auditing staff to meet the mandatory requirement of 80 hours of job-related courses every two years.

ADP's goal is to have a pool of employees who possess the requisite management and leadership skills to assume critical mid-and senior-level management positions as they become vacant. To that end, ADP employees are continually participating in the CHHS Supervisors' Academy, the Leadership Development Academy, and the Convocation of supervisors, managers and executives.

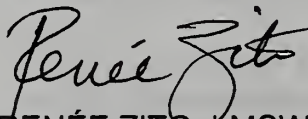
ADP recognizes that in today's workforce, the Department is competing with other State departments as well as with private employers to attract and retain the most

talented employees. ADP must have a good working environment where employees are excited about coming to work. Some retention strategies that ADP currently utilizes include providing flexible working arrangements, supporting employees' training requests, allowing employees to attend professional workshops and conferences, and providing financial support for employees who are pursuing a college degree as part of their upward mobility agreement.

ADP also believes in publicly acknowledging its outstanding employees. In December, ADP awarded eight Superior Accomplishment Awards and one Sustained Superior Accomplishment Award. The individuals that received these awards are responsible for making significant changes or improvements within our organization. Some of the awardees have found more efficient ways of doing business which, in turn, has enabled the Department to redirect the time saved to other operational needs. In another instance, the awardee was the primary person responsible for the timely submission of the Department's application for the second Access to Recovery federal grant award. These efforts resulted in the Department successfully obtaining this grant of \$4.8 million per year for three years to provide treatment to high-risk youth.

If you have any questions, please contact Richard Woonacott, Deputy Director, Office of Legislative and External Affairs, at (916) 322-1654. Again, thank you for your favorable consideration.

Sincerely,



RENÉE ZITO, LMSW, CASAC
Director

Enclosures
Form 700

COVER PAGE

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NAME (LAST)	(FIRST)	(MIDDLE)	DAYTIME TELEPHONE NUMBER
Zito	RENEE		(916) 445-194
MAILING ADDRESS (May use business address)	STREET	CITY	STATE ZIP CODE
1700 K Street	SACRAMENTO	CA	OPTIONAL: FAX / E-MAIL ADDRESS

1. Office, Agency, or Court

Name of Office, Agency, or Court:

Dept of ADP

Division, Board, District, if applicable:

Your Position:

Director

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency: _____

Position: _____

2. Jurisdiction of Office (Check at least one box)

- ☒ State
- ☐ County of _____
- ☐ City of _____
- ☐ Multi-County _____
- ☐ Other _____

3. Type of Statement (Check at least one box)

☒ Assuming Office/Initial Date: 2/26/07☐ Annual: The period covered is January 1, 2006, through December 31, 2006.

-or-

☐ The period covered is ____/____/____, through December 31, 2006.☐ Leaving Office Date Left: ____/____/____ (Check one)☐ The period covered is January 1, 2006, through the date of leaving office.

-or-

☐ The period covered is ____/____/____, through the date of leaving office.☐ Candidate

4. Schedule Summary

➔ Total number of pages including this cover page: 1

➔ Check applicable schedules or "No reportable interests."

I have disclosed interests on one or more of the attached schedules:

Schedule A-1 ☐ Yes - schedule attached
Investments (Less than 10% Ownership)Schedule A-2 ☐ Yes - schedule attached
Investments (10% or greater Ownership)Schedule B ☐ Yes - schedule attached
Real PropertySchedule C ☐ Yes - schedule attached
Income, Loans, & Business Positions (Income Other than Gifts and Travel Payments)Schedule D ☐ Yes - schedule attached
Income - GiftsSchedule E ☐ Yes - schedule attached
Income - Travel Payments

-or-

☒ No reportable interests on any schedule

5. Verification

I have used all reasonable diligence in preparing this statement. I have reviewed this statement and to the best of my knowledge the information contained herein and in any attached schedules is true and complete.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed 2/26/07

(month, day, year)

Signature Renee Zito

(File the originally signed statement with your filing official)

COVER PAGE

A Public Document

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DEPARTMENT OF ALCOHOL & DRUG PROGRAMS

2007 FEB 28 AM 9:08

NAME (LAST) Zito	(FIRST) RENEE	(MIDDLE)	DAYTIME TELEPHONE NUMBER (916) 445-7943
MAILING ADDRESS (May use business address) 1700 K Street	STREET SACRAMENTO	CITY CA	STATE CA
ZIP CODE		OPTIONAL: FAX / E-MAIL ADDRESS	

1. Office, Agency, or Court

Name of Office, Agency, or Court:

Dept of ADP

Division, Board, District, if applicable:

Your Position:

Director

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency: **CHHS**

Position: **Member, CA Child Welfare Council**

2. Jurisdiction of Office (Check at least one box)

☒ State

☐ County of _____

☐ City of _____

☐ Multi-County _____

☐ Other _____

3. Type of Statement (Check at least one box)

☒ Assuming Office/Initial Date: **2/26/07**

☐ Annual: The period covered is January 1, 2006, through December 31, 2006.

-OR-

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-OR-

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☐ Candidate

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Schedule A-1 ☐ Yes - schedule attached
Investments (Less than 10% Ownership)

Schedule A-2 ☐ Yes - schedule attached
Investments (10% or greater Ownership)

Schedule B ☐ Yes - schedule attached
Real Property

Schedule C ☐ Yes - schedule attached
Income, Loans, & Business Positions (Income Other than Gifts and Travel Payments)

Schedule D ☐ Yes - schedule attached
Income - Gifts

Schedule E ☐ Yes - schedule attached
Income - Travel Payments

-OR-

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I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed **2/26/07** **10/31/07**
(month, day, year)

Signature **Renee Zito**
(File the originally signed statement with your filing official.)

STATEMENT OF ECONOMIC INTERESTS

Date Received
Official Use Only

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DEPARTMENT OF ALCOHOL
& DRUG OPERATIONS

2007 FEB 28 AM 9:08

NAME (LAST) Zito	(FIRST) RENEE	(MIDDLE)	DAYTIME TELEPHONE NUMBER (916) 445-7943
MAILING ADDRESS (May use business address) 1700 K Street	STREET SACRAMENTO	CITY CA	OPTIONAL: FAX / E-MAIL ADDRESS

1. Office, Agency, or Court

Name of Office, Agency, or Court:

Dept of ADP

Division, Board, District, if applicable:

Your Position:

Director

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency: **NASADAD (Nat'l Assn. of State Atty & Drug Abuse Directors)**

Position: **Child Welfare Committee member**

2. Jurisdiction of Office (Check at least one box)

☒ State

☐ County of _____

☐ City of _____

☐ Multi-County _____

☐ Other _____

3. Type of Statement (Check at least one box)

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Investments (10% or greater Ownership)

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Income - Travel Payments

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Date Signed

2/26/07 10/31/07
(month, day, year)

Signature

Renee Zito
(File the originally signed statement with your filing official.)

COVER PAGE

A Public Document

Please type or print in ink

DEPARTMENT OF ALCOHOL
& DRUG TOBACCO

2007 FEB 28 AM 9:08

NAME (LAST) Zito	(FIRST) RENEE	(MIDDLE)	DAYTIME TELEPHONE NUMBER (916) 445-7943
MAILING ADDRESS (May use business address) 1700 K Street	STREET	CITY SACRAMENTO	STATE CA
ZIP CODE		OPTIONAL: FAX / E-MAIL ADDRESS	

1. Office, Agency, or Court

Name of Office, Agency, or Court:

Dept of ADP

Division, Board, District, if applicable:

Your Position:

Director

➔ If filing for multiple positions, list additional agency(ies)/ position(s): (Attach a separate sheet if necessary.)

Agency:

CDCR - Board member

Position:

C-ROB (CA. Rehabilitation Oversight Board)

2. Jurisdiction of Office (Check at least one box)

☒ State

☐ County of _____

☐ City of _____

☐ Multi-County _____

☐ Other _____

3. Type of Statement (Check at least one box)

☒ Assuming Office/Initial

Date: **2/26/07**

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-OR-

☐ The period covered is ____/____/____, through the date of leaving office.

☐ Candidate

4. Schedule Summary

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I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Date Signed

2/26/07 10/31/07
(month, day, year)

Signature

Renee Zito Renee Zito
(File the originally signed statement with your filing official.)

The California State University

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Long Beach • Los Angeles • Maritime Academy • Monterey Bay • Northridge • Pomona • Sacramento
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Telephone: (562) 951-4020
Fax: (562) 951-4949

December 24, 2007

The Honorable Don Perata, Chair
Senate Rules Committee
State Capitol, Room 400
Sacramento, California 95814

RE: CALIFORNIA STATE UNIVERSITY, BOARD OF TRUSTEES
CONFIRMATION HEARING, January 30, 2008

Dear Senator Perata:

Attached please find my response to your letter dated December 6th. I appreciate the opportunity to share my accomplishments and goals as a member of the California State University Board of Trustees and look forward to discussing them with you at the upcoming hearing.

Question 1: What have been your most significant accomplishments during your tenure as a trustee?

As Chair of the Board's Educational Policy Committee I helped lead efforts to develop and deploy the Early Assessment Program (EAP) which helps improve the preparation of high school students to do college-level work in both math and English. Nearly 350,000 high school students took this voluntary test in 2007 and tens of thousands of them were able to take rigorous course work as high school seniors to improve their skills and obviate the need to take remedial courses in their first year at the CSU.

As Chair of the Educational Policy Committee, I also championed the Campus Actions to Facilitate Graduation initiative. This initiative is designed to implement strategies for helping CSU students make more rapid progress towards and complete their baccalaureate degrees. We adopted a 21 part rubric which requires each campus to submit a best practices implementation plan to improve their graduation statistics and report to the Board regularly on progress under that plan.

Senate Rules Committee

401 Golden Shore
Long Beach, California
90802-4210

As Chair of the Board of Trustees, I initiated the Access to Excellence strategic planning effort, which will inform the development of the California State University over the coming ten years. The emphasis of this initiative is to improve collaboration with P-14, address the achievement gap, maintain excellence in the quality of the 90,000 degrees conferred by the CSU annually and seek to increase college-going rates in underserved communities and among underrepresented racial and ethnic groups throughout California.

In my second term, I expect to complete the plan and to help oversee its implementation. The Board will oversee development of programs for extensive outreach to underserved communities. We will continue to promote early college awareness and work with students and parents to move more young people toward college. We will attempt to hasten the development of new methods of course delivery including extensive use of the internet so that more students can have access to a CSU education. We will also advocates vigorously for appropriations sufficient to fully fund additional enrollment, expand targeted programs critical to meeting California's workforce needs and programs necessary to increase college-going and completion rates in currently underrepresented communities.

Question 2: How do you reach out to various education stakeholder groups, including the Legislature, education organizations, students, and other advocates, on significant higher education policy issues?

Throughout the course of my tenure as a trustee, I have visited each of the twenty-three CSU campuses (some, multiple times) and have spent time meeting with community and business leaders in the surrounding communities. In an effort to obtain grass-roots input, the Strategic Plan Steering Committee held twenty-three campus/community meetings and three regional stakeholder meetings, of which I attended ten, personally. Every year, I choose at least four campuses at which to preside over graduation and accompanying community activities. I have made multiple trips to Sacramento to meet with key members of the legislature, attended legislative hearings when invited and have participated in important meetings of statewide higher education stakeholder groups. I also participate on the board of directors of such "brokering and outreach organizations" as the Campaign for College Opportunity.

Question 3: As a trustee, what training have you received regarding conflicts of interest?

All trustees are required to undergo a two hour web-based training on conflict of interest. CSU also has a handbook available on-line. Further, the Office of General Counsel offers to each Trustee the services of that office to answer conflict of interest questions on an "as requested" basis.

Question 4: What role does the board play in reviewing and approving executive compensation policies to executives retiring or departing from the system, such as offering transitional compensation, relocation assistance, and multiyear contracts? Do you believe that the board should reassess these policies? Why or why not?

Important modifications to Board policy were made in September of 2006 and as recently as March 2007 to ensure as much transparency as possible in executive compensation policies. Current policy requires the Board of Trustees to approve all changes in compensation for executives. Current policy further requires the Chancellor to give an annual report to the Board describing the work performed and amounts paid to Trustee-Professors, executives in transition and to those in post-executive status. Transition agreements include specific descriptions and clear expectations regarding the specific duties to be performed by the executive on behalf of the university. As a result of the audit, a report of accomplishments and deliverables will be added to the annual report to the trustees. Regarding the issue of the reimbursement of relocation expenses, the Board will consider the recommendations of the Ad Hoc Committee formed in response to the recommendations of the State Auditor, at its January, 2008 meeting. While many of the auditor's recommendations will improve upon policies already in place, it is worth noting that the State Auditor did not find any violations of law or existing CSU policy.

Question 5: What steps is the CSU board taking to address the findings contained in the compensation audit?

The Board formed an Ad Hoc Committee to consider each of the Auditor's recommendations and will make recommendations for consideration and possible adoption at the Board's next meeting in January, 2008. The committee's consideration includes the Auditor's recommendations regarding compensation monitoring policies and practices, methods for calculating compensation for all categories of employees, executive transition and post-employment compensation, moving and relocation reimbursement and dual employment for all categories of employees.

Question 6: The audit raises questions as to the role that nonprofit auxiliary organizations or foundations play in CSU compensation. As a trustee, do you believe there should be greater public oversight or accounting of how these foundation funds are expended? Why or why not?

Auxiliaries submit annual financial returns to the IRS and the state attorney general. These forms include disclosure of compensation for all officers, directors and key employees as well as related parties such as the Chancellor and Presidents, where applicable. Auxiliary financial statements are audited annually by independent CPA

firms and submitted as part of the university's consolidated financial report to the Board of Trustees. Additionally, the University Auditor conducts audits of auxiliaries every three years. Auxiliary meetings are open to the public.

Question 7: As a board member, what are the key factors you consider when deciding whether to approve student fee increases?

I take into account the amount of revenue the university will need for operations in the coming year, given both the actual and projected costs of instruction, projected enrollment, the short-range and long-term priorities established by the Board and the State's need for graduates in particular disciplines. I also take into account the need to maintain quality, the change in the cost of living as it relates to the "actual price" a student pays to attend university and projected changes in federal, state and university-based student financial aid. I then factor in the minimum amount we can reasonably expect from the Compact, given the state's projected fiscal condition. Further, I consider what augmentations, if any, the legislature is able to and/or likely to make. I further consider Trustee policy which includes the principle that fee increases, if they become necessary, should be gradual and predictable. Finally, I consider the results of the consultative process which we undertake with all stakeholders on the impacts of raising student fees and the impacts on course availability, and overall academic quality in the event of insufficient revenue.

Question 8: California does not have an explicit policy for setting fee levels for any of the higher education systems. Do you believe the state should develop a long-term student fee policy? If so, what role should the Board have in developing such a policy?

The CSU Board has a long-term student fee policy which states that the State bears the responsibility for providing the preponderance of the funding to support the costs of

student instruction; that student fees should never represent more than 1/3 of those costs and that to the extent that fee increases become necessary because of insufficient state support, such fee increases should be gradual and predictable. Right now, student fees represent about 24% of the cost of per student instruction. Additionally, Trustee policy also requires that one-third of new student fee revenue be set-aside for student grant assistance to minimize the impact of a student fee increase on the lowest-income students.

To the extent that the state wishes to establish principles by which student fees should be governed, it should enshrine the state's continued commitment to fund the bulk of the costs of per student instruction, given that fees are directly related to the needs of the CSU for support and the proportion of the funding of those needs which will come from the state general fund. Beyond that, any statewide fee policy should be equitable toward each segment, given their respective missions within the state Master Plan.

Question 9: What is the board doing to evaluate the affordability of a CSU education, beyond just the cost of student fees? Has the board examined the increased costs of textbooks and whether more state university grant aid should be available to help students cover this expense and other costs of attending college?

The Compact agreement includes a number of accountability measures to ensure cost-effective management of the university and the preservation of academic quality. (The principal drivers of cost-increase in running the university system are the costs of health benefits, maintenance and utilities, enrollment growth and employee salary increases to remain competitive and improve recruitment success and employee retention.) The Board gets regular reports on all the factors which determine the all-in costs of a CSU education, including variables relating to living at home or on campus, attending part or full time, increasing costs of textbooks and supplies, transportation and fees. Further we are regularly apprised of what proportion and amount of those costs are being defrayed by university, state and federal grants, what level of indebtedness our students are having to incur and other impacts of increasing costs on our student population, given their socio-economic characteristics.

Question 10: How does the board monitor the effectiveness of the early assessment program and whether it has helped increase the graduation rates of CSU students needing remediation in basic skills? Are you satisfied with how the policy is being implemented?

It is still too early to follow EAP participants all the way through to CSU graduation to determine increases in eventual graduation rates. What we do know is that in 2007, more than 346,000 high school juniors attending California public high schools volunteered to take the EAP—30,000 more than in the previous year. Due to our professional development efforts thousands of twelfth grade teachers are delivering CSU-developed English and math courses which are beginning to increase incoming CSU student readiness and increase high school student achievement. When I chaired the Education Policy Committee I initiated the process of regular reporting on the progress of the EAP and the Campus Actions to Facilitate Graduation initiatives. It is a front-burner issue for our Board of Trustees.

Question 11: Do you believe CSU's own teacher credentialing programs are benefiting from lessons learned from the system's early intervention efforts? Is CSU able to improve its preparation of elementary, middle and high school teachers because of what it is learning about the lack of basic skills demonstrated by its own incoming students?

Yes I do. CSU's teacher credentialing programs are being updated on an ongoing basis to reflect our work with the high schools on the alignment of high school standards with college readiness measures. Additionally, thousands of current teachers are being offered professional development and rigorous 12th-grade course content which illustrates this alignment. Finally, we are providing professional development to our own CSU faculty who prepare English and math teachers regarding alignment of standards, levels of proficiency, and alternative instruction methods which best support students in their efforts to master higher-level mathematics and academic texts.

Question 12: What is the CSU board doing to address local jurisdictions' concerns related to growth and development and off-campus environmental impacts?

The Board has directed staff to develop a white paper for the Department of Finance and the legislature to document the expected impacts resulting from the City of Marina decision. The campuses have been instructed to begin discussions with the local jurisdictions at the earliest stages of their planning processes about potential environmental impacts of growth and mitigations. The Board has also approved a budget request of \$15 million as part of the 2008-2009 capital outlay program for inclusion in the January budget to help cover the costs of off-site mitigation.

Question 13: What efforts are being undertaken by CSU to optimize use of the summer term as a means of accommodating students with existing classrooms?

CSU submits an annual report to the legislature on our progress in optimizing use of the summer term to help reduce capital facilities space needs. The CSU continues to hold campuses accountable for summer enrollment targets of 40% for urban campuses and 25% of annual FTE for rural campuses. It is important to point out that without the budgetary support for increased summer course offerings, campuses are not able to grow their summer terms.

Question 14: What is the CSU Board of Trustees doing to analyze the state's long-term workforce trends and assist the system's response to educating students to meet the demands of the 21st century workplace?

I have led the system-wide effort to develop a new strategic plan for the CSU which will be completed in May, 2008. A critical part of that two-year planning process has been to more completely integrate the state's emerging workforce need projections into the CSU's academic planning. Further, we have taken into account advances in technology, population growth and diversity, as well as the need for the CSU to address differential attainment levels and college-going rates among sub-groups. The Chancellor and campus presidents meet regularly with business leaders in statewide industry advisory groups to learn what skills and training they believe will best prepare their CSU-educated workforce both now and in the future.

In addition to the system-wide strategic plan, every campus has its own plan, specific to its region and regional workforce needs and demographic realities. As appropriate, both public-sector and private-sector stakeholders are involved in these planning processes.

Question 15: What is the appropriate role for the board as campuses seek to strengthen their capacity to respond more quickly to student demand for enrollment in programs that train them to enter high-growth fields? Conversely, how should the board respond to declines of enrollment in programs that are no longer in demand because of changing workforce needs?

For nearly a decade, the Trustees have had in place a "fast-track" program planning and approval process to allow the campuses to move more quickly to address growing and changing regional workforce needs. We allow five-year pilot programs to be initiated without prior Trustee approval. Trustee review comes after the five-year pilot to determine whether or not to incorporate the program into the standard curriculum. Annually, campuses recommend to the Board those degree programs to be suspended or

The Honorable Don Perata
December 24, 2007
Page 8

permanently discontinued. All such proposals must document the reasons for the discontinuation.

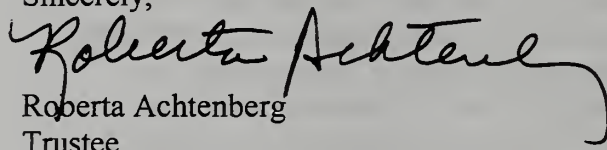
We also have vast programs for extended education. Those programs typically develop non-degree training programs which are responsive to local needs—although, in some cases, they also can deploy approved and authorized degree programs on the campuses. We monitor workforce needs and changing enrollment patterns regularly and very carefully.

Question 16: Recent studies indicate that, while Californians have great access to higher education, the state lags nationally in degree attainment and college completion. What is the board doing to address the system's capacity to increase completion rates, particularly among growing and underserved populations?

Current CSU degree completion rates are about average for comparable public universities. And, there is enormous need in California for our degree completion rates to improve dramatically. That is why the Board crafted its Campus Actions to Facilitate Graduation initiative. That initiative requires each campus to examine and implement best practices in the area of student preparation, student learning methodologies, student advisement, retention strategies and development of more direct pathways to the degree with fewer units accrued. Also, campuses are required to work diligently with the community colleges to maximize course articulation, both with regard to the major and general education requirements and report regularly to the Board on their progress. We have also implemented the Lower Division Transfer Pattern project which allows community college students specified course patterns that will move them most directly and quickly to transfer and degree attainment from the CSU campus of choice. Additionally, CSU is pioneering "transformed course design" which is geared to developing internet-aided coursework in those threshold courses which students often find over-subscribed and which currently feature high proportions of unsatisfactory or failing grades as large courses are not well-suited to addressing the particular learning challenges that some students face.

Thank you again for giving this chance to share my commitment and vision for the CSU. Best wishes for a happy New Year.

Sincerely,


Roberta Achtenberg
Trustee

Cc: Members, Senate Rules Committee
Trustee Pete Mehas, Member, CSU Board of Trustees
Chancellor Charles B. Reed
Nettie Sabelhaus, Consultant, Senate Rules Committee

1. The first part of the paper discusses the importance of the study and the objectives of the research.

2. The second part of the paper describes the methodology used in the study and the data collection process.

3. The third part of the paper presents the results of the study and discusses the findings.

4. The fourth part of the paper discusses the implications of the study and the conclusions drawn from the research.

5. The fifth part of the paper discusses the limitations of the study and the areas for future research.

6. The sixth part of the paper discusses the contributions of the study to the field of research.

7. The seventh part of the paper discusses the acknowledgments and the references used in the study.

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December 21, 2007

The Honorable Don Perata, Chair
Senate Rules Committee
State Capitol, Room 400
Sacramento, California 95814

RE: CALIFORNIA STATE UNIVERSITY, BOARD OF TRUSTEES –
CONFIRMATION HEARING, January 30, 2008

Dear Senator Perata:

Thank you for the opportunity to respond to the questions provided to me by your office in preparation for the January 30th confirmation hearing. I appreciate the chance to share with you and the members of the Senate Rules Committee my experience, observations and expected contributions to the great system, the California State University. Below please find my responses to your specific questions.

1. *Please provide a brief statement outlining the goals you hope to accomplish while serving as a member of the CSU Board of Trustees. How will you measure your success?*

The education of our youth has been my passion for over forty-four years, serving as a teacher, principal, superintendent and school board member. A son of immigrant parents, I was the first to graduate from college. I am indebted to the CSU system for giving me a quality education which has enriched my life.

The goals I wish to accomplish while serving as a member of the CSU Board of Trustees is to provide the same opportunities that were afforded to my wife, children, me and all graduates of the CSU system.

Clearly the new strategic planning effort "Access to Excellence" fully embraces many of the goals I wish to achieve. The plan is expected to be completed by May, 2008. It sets the stage for a CSU to:

- Partner vigorously with P-14 to close the achievement gap in California schools
- As the state's economic engine assure that CSU can equip California with the citizenry and workforce it needs for the 21st century. This will mean more baccalaureate, more master's degrees and more professional doctoral degrees in selected areas where required for workforce preparation
- Maintaining an assuring access, meaning that students have the necessary skills and resources to complete their degree
- Assure regional services as particular campuses serve their distinctive areas. I believe the Central Valley is a key case in point.

Senate Rules Committee

JAN 02 2008

Appointments

How will you measure success?

Without valid assessment and accountability, goals become useless rhetoric. Statistics can chart the success of CSU in serving distinctive populations. Academic audits and surveying stakeholders by region and statewide is critical to authentic assessment.

2. *How do you reach out to various education stakeholder groups, including the Legislature, education organizations, students, and other advocates, on significant higher education policy issues?*

Having served at the state level in various capacities, I am extremely familiar with the many stakeholder groups, including the legislature, education organizations, student and faculty advocates. I've learned how to listen and involve these groups in policy issues in a meaningful way. As a lifelong resident of the Central Valley, I have established strong ties and working relationships with a number of education, faith-based, ethnic, business, labor, and political groups. We have not always agreed on various issues but have listened and respected each others position. We have resolved difficult issues for the good of our community.

3. *As a trustee, what training have you received regarding conflicts of interest? From whom do you seek advice on potential conflicts?*

As an elected official for 16 years and having served on various governmental boards, I have had training and am familiar with conflict of interest regulations. CSU has an on-line handbook which I have reviewed. When I do have questions regarding conflict of interest issues I have sought the opinion of my legal counsel and CSU Office of General Counsel.

4. *What role does the board play in reviewing and approving executive compensation policies to executives retiring or departing from the system, such as offering transitional compensation, relocation assistance, and multiyear contracts? Do you believe the board should reassess these policies? Why or why not?*

I believe the board plays a major role in reviewing and approving executive compensation policies. I believe on this issue the "buck stops with the trustees". The board should reassess these policies and make sure they are current with the "standard of the industry" as transparent as possible. Modifications to the policy were made as recently as March 2007 and current policy requires the board to approval all changes in compensation for executive. Executive pay policies now also require an annual report to the board describing work performed and amounts paid to trustees – professors, executives in transition, and those in post-executive status. It is my understanding transition agreements now include clear expectations regarding specific duties to be performed by executives. As a result of the audit, a report of accomplishments and deliverables will be added to the annual report. I strongly believe the board should consider means of strengthening the controls related to reimbursement of relocating expenses as one area of review for the Ad Hoc Committee. Even though the auditors did not find any violation of law or existing CSU policy, the controls need strengthening.

5. *What steps is the CSU board taking to address the findings contained in the compensation audit?*

An Ad Hoc board committee was formed to review findings and to determine appropriate responses. The Ad Hoc committee met December 15th and is scheduled to meet again in early January 2008 in preparation for discussion with the full board at our January 22-23, 2008 meeting.

6. *The audit raises questions as to the role that nonprofit auxiliary organizations or foundations play in CSU compensation. As a trustee, do you believe there should be greater public oversight or accounting of how these foundation funds are expended? Why or why not?*

As a trustee, I need to learn more about the role nonprofit auxiliary organizations or foundations play in CSU compensation. I strongly believe the board and public have the right to know how these foundation funds are expended. I agree with the recent staff audit that highlighted the need to create a better system for collecting "total compensation" data for both management and faculty and identify areas where we can standardize and improve practices.

I believe that trustees are committed to accountability and transparency of all our operations regardless of whether they are conducted under the auspices of the university or its auxiliaries. It is equally important to protecting our employees' rights to confidentiality in personnel matters and our donors' right to protection of their personal financial information.

I do know CSU auxiliaries are accountable both under California corporation law and the Education Code. Financial records are legally available for inspection by Federal, state and university audits. Additionally, they submit annual financial information return to the IRS (IRS form 990) and the State Attorney General Annual Registration Fee Renewal and Annual Financial Solicitation Report. The 990 Form was amended in 2006 and now includes disclosure of compensation for all officers, directors and key employees and are available for public inspection on public websites such as www.guidestar.org.

7. *As a board member, what are the key factors you consider when deciding whether to approve student fee increases?*

I agree with the CSU basic premises outlined in its COMPACT Agreement, including the direct relationship between the price charged to students and the level of the state General Fund support provided to maintain access and quality at our 23 campuses. I also concur that the Board of Trustees' commitment to moderate, predictable fee increases and believe that their existing policy that assumes students should be charged one-third of the fees for their education (before financial aid) and the same percentage of new fee revenues dedicated to our State University Grant (SUG) program is fair and reasonable. Finally, I do believe that differential for graduate students and professional fees for specific fields of study are appropriate, as needed and justified by research and analysis.

As a board member, I will first weigh the data and evaluation by CSU administrators for any proposed fee increases against the long and short-range priorities the board has established for the university that are to be accomplished in the budget year and beyond.

In my evaluation I would also consider whether to approve student fee increases included an analysis of the state's fiscal condition, "the actual price" a student pays to attend university

(fee less financial assistance), an analysis of CSU's student population and an analysis in changes in federal student assistance.

It is important that consultation with CSU constituency groups by CSU administrators and the open meeting discussions at CSU board meetings during both the initial information item concerning this budget and the final action recommendation.

8. *California does not have an explicit policy for setting fee levels for any of the higher education systems. Do you believe the state should develop a long-term student fee policy? If so, what role should the board have in developing such a policy?*

I believe in the current state policy that delegates fee decisions to the CSU Board of Trustees.

The CSU Board has a long-term policy to assure that fees are predictable and to the extent that revenue needs drive fees gradually upward, to avoid substantial gyrations in fee price levels.

The state should help CSU with a long-term revenue support policy for the CSU. Fees cannot appropriately be considered outside of the context of: (a) needs of the institution for support, and; (b) provision of those needs from the state general fund.

It is clear to everyone that any fee policy adopted outside of a context of revenue support would be a threat to quality, or access, or both.

The previous statewide policy concerning CSU fee rates was often abandoned to meet state budgetary needs, which would suggest a statewide policy would not assure affordability or predictability.

9. *What is the board doing to evaluate the affordability of a CSU education, beyond just the cost of student fees? Has the board examined the increased costs of textbooks and whether more state university grant aid should be available to help students cover this expense and other costs of attending college?*

Given the high value of a CSU education not only to the recipient, but to the state, tells me we must seek to avoid student fee increases whenever possible. The state should bear a preponderance of the cost for student instruction; fees should be moderate and predictable and not exceed one-third the cost of instruction.

It is my understanding the COMPACT Agreement includes a number accountability measures to ensure cost effective management of the university and presentation of academic quality.

The principal increases in cost of running the CSU that are included in the annual budget plan occur in contractual obligations for continuation of services (health benefits, maintenance of new space, and utilities/enrollment growth in accordance with master plan goals and employee salary increases to remain competitive and improve retention and recruitment.

In the area of student aid, we use the federal standard for the calculation of financial aid eligibility as well as national and state data to confirm the cost of attendance for our students. CSU student aid is provided in the context of total cost of attendance and we remain committed to maintaining the affordability of the CSU with reasonable fee levels and investments in financial aid. As I said before however we need to work together with the state legislature to ensure this promise with solid, reliable investments in the CSU in the annual budget.

10. How does the board monitor the effectiveness of the early assessment program and whether it has helped increase the graduation rates of CSU students needing remediation in basic skills? Are you satisfied with how the policy is being implemented?

As a K-12 educator for many years, I was critical of CSU complaining about the number of CSU students needing remediation in basic skills yet never identifying who the students and high schools were and the standards CSU expected.

I believe the EAP is one of the most positive programs CSU has started. It has increased incoming CSU student readiness and increased high school student achievement.

To date, I am told it still is too early to follow EAP participants all the way through to CSU graduation to determine increases in eventual graduation rates from the CSU system.

However, more than 90% of the first time freshmen who enter needing remediation in mathematics and/or English achieve full proficiency in their first year.

I believe the program can be more effective if the EAP is mandatory, results given in the 10th grade and reported on a school basis to local school boards and published in the paper.

11. Do you believe CSU's own teacher credentialing programs are benefiting from lessons learned from the system's early intervention efforts? Is CSU able to improve its preparation of elementary, middle, and high school teachers because of what it is learning about the lack of basic skills demonstrated by its own incoming students?

I am of the opinion that CSU own teacher credentialing programs are benefiting from lessons learned from the system's early intervention efforts.

The CSU work in the professional development of existing English and Mathematics teachers have developed a greater understanding of where the "disconnect" between high school standards and college readiness had occurred.

I was pleased to see that CSU is now providing professional development to its own faculty and how our English and Mathematics secondary proportion programs include the control regarding the alignment of standards for both systems, appropriate levels of proficiency and alternative pedagogies to best support struggling learners.

Certainly the increased link and articulation of standards and expectations across the levels and segments is beneficial to CSU, P-12 and most importantly, the students.

12. What is the CSU board doing to address local jurisdictions' concerns related to growth and development and off-campus environmental impacts?

The Board encourages campuses to discuss campus growth impacts with local jurisdictions early in the planning process. A good example being San Francisco and San Diego.

The Board has directed staff to develop a "white paper" for the Department of Finance and Legislature to document the type of impact resulting from the City of Marina decision.

This is the extent of my knowledge in this area.

13. What efforts are being undertaken by CSU to optimize use of the summer term as a means of accommodating students with existing classrooms?

The Chancellor has been a leader and advocate for full utilization of the summer terms consistent with his work in other states. However, campuses are not able to grow summer sessions without the budget support necessary to support summer course offerings. I also understand that we now have increased costs associated with summer term as a result of provision on our new contract with the California Faculty Association (CFA).

That being said, the CSU continues to hold campuses accountable for the summer enrollments targets established by the Legislature (40% of annual FTE for urban campuses and 25% of annual FTE for rural campuses to help reduce new capital facilities space needs).

14. What is the CSU Board of Trustees doing to analyze the state's long-term workforce trends and assist the system's response to educating students to meet the demands of the 21st century workplace?

Clearly, CSU is the workhorse and economic engine of the State of California. The most general overreaching view is generated in the systemwide strategic plan, currently and for the past ten years that has been "Cornerstones." By May 2008, Trustees are expected to approve a successor plan to "Cornerstone" – "Access to Excellence."

"The Strategic Context" review the environment for the next ten (10) years considers the following elements.

- The "Strategic Context" review that reviews the environment for the CSU's next ten (10) years considers these elements:
 - Population growth, a growing diversity for California
 - Differential attainment levels and achievement gaps for sub-groups in the populations
 - Growing importance of cross-sector strategies – partnerships with business, with P-14, with nonprofits – in addressing achievement gaps and attainment deficits
 - Internationalism, and the global reality that education achievement is the absolute prerequisite for economic, social and civic success for California in the 21st century
 - Quality of civic life as a priority
 - Continued advances in technology, as a fact of life in this century, as the Internet in particular will continue to redefine learning modalities and learning spaces

- Quality of life and the environment as a still-emerging but urgent priority
- Competition, resource scarcity, and privatization as facts of life for
- CSU faculty and staff turnover
- Growing pressure on CSU and all of American higher education for accountability, transparency, and success in both degree attainment and demonstration of learning
- Public government and public finance at nation, state and local levels
- Every campus also has a strategic plan, specific to its region, in state context, reflective of its strengths and capacities.
- Local and regional stakeholders are engaged in the development of these regional strategic plans
- Beyond this, annually the Board of Trustees reviews and approves formal academic plans for each campus, to ensure that these local innovations have systemwide coherence and efficiency.
 - 23 campuses (administrators, faculty, students, and alumni) and their local stakeholders identify local needs, inform curricular content, and provide feedback for improvement
 - Trustees' review and approval campus requests to plan new programs
- All proposed degree programs must document both workforce needs (and societal benefits) and student demand for new programs. State and national data on workforce projections inform the review of proposals.

15. What is the appropriate role for the board as campuses seek to strengthen their capacity to respond more quickly to student demand for enrollment in programs that train them to enter high-growth fields? Conversely, how should the board respond to declines of enrollment in programs that are no longer in demand because of changing workforce needs?

In 1997, the Trustees approved a "fast-track" program planning and approval process to allow quicker responsiveness for programs that do not require capital investment or professional accreditation.

Additionally, Trustees allow five-year pilot programs to be initiated without prior Trustee and Chancellor Office review and approval, which lets campuses to be timely in responding to emerging later knowledge needs. Trustees may approve pilots to become permanent after evaluating extensive five (5) year program reviews.

Annually, the campuses recommend to the Board those degree programs to be suspended or permanently discontinued.

As flexible as this policy can be while still preserving standards of quality founded on success, I also believe that extended education programs are still more nimble.

We must respond quickly to market driven programs yet assuring quality.

16. Recent studies indicate that, while Californians have great access to higher education, the state lags nationally in degree attainment and college completion. What is the board doing to address the system's capacity to increase completion rates, particularly among growing and underserved populations?

Current CSU degree completion rates are at or marginally above the rates posted by comparable institutions nationwide. However, that is not good enough.

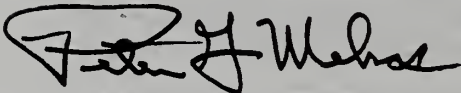
A Trustee initiative led by Academic Affairs in the Chancellor's Office in partnership with statewide faculty includes strategies for retention and reducing the total number of units students have to earn before getting a degree. Annually, the campuses are required to report to the Trustees the undergraduates' degree program whose graduation requirements exceed 120 units and only programs with justifiable rationales for excess units may maintain their requirements. Keeping most programs to 120 unit maximum, decreases the amount of time students spend at the CSU before entering the workforce fulltime.

Noteworthy efforts since 2004 have included adding Lower Division Transfer Patterns (LOTP) project to the pathways available to community college students intent on transferring to CSU in high-demand majors.

CSU is also underway in developing courses that seek to use sophisticated and engaging learning objects available on the Internet.

In conclusion, I take very seriously my responsibilities as a CSU Trustee. I realize I have a great deal to learn about the CSU system, and will devote the necessary time and energy to be a contributing member of the board. I strongly believe I can best serve the citizens, students and faculty of the state by listening and asking the difficult questions. While serving on the board, I will advocate for "Access to Excellence."

Sincerely,



Peter G. Mehas, ED.D
Trustee

cc: Members, Senate Rules Committee
Roberta Achtenberg, Chair, CSU Board of Trustees
Chancellor Charles B. Reed
Nettie Sabelhaus, Consultant, Senate Rules Committee

Charmaine Jefferson

January 7, 2008

Nettie Sabelhaus
Appointment Director
California Senate Rules Committee
State Capitol
Room 420
Sacramento, CA 95814-4900
Attention: Evelyn.Kazanis@sen.ca.gov

Senate Rules Committee

JAN 09 2008

Appointments

Re: Senate Confirmation of Arts Council Appointment

Dear Ms. Sabelhaus and Ms. Kazanis:

Thank you for taking the time to return my telephone call yesterday morning. As I mentioned, I am just returning from work after taking an extended, but rare holiday vacation. Unfortunately I didn't see your Dec. 13 request which arrived on December 17 until I returned to the office on Jan. 7. I appreciate your willingness to provide me with extra time to share with you my goals for serving on the California Arts Council and my deep and heartfelt belief in the value of the arts to our state.

As a native born citizen of this state, and a former professional theatrical dance artist, I know first hand what the arts meant in my life. I was offered training, discipline, focus, physical fitness and creativity and it serves me still to this day. I was a working artist before I became an arts administrator and I take that commitment and training in the arts into the job every day. While I took some private classes as a child, my real experience came out of my privilege of having grown up at a time when attending the public schools still meant that you could experience music, art, dance, theater and the visual arts as a part of your daily education. My generation had the arts in the public schools, and I view it as a personal responsibility to make sure that the arts are made a strong part of the public schools once again. It made all of us in my generation better, and we have short-changed our children by the experiment that took it out of their daily lives. I want to be a part of the California Arts Council so that I can help support ways in which the arts are back in the schools for every child and not just as an after school activity.

For some the arts serve as a means for learning math, for figuring out carpentry, for designing of cars, houses, buildings, for learning to read, write and express yourself. I have even seen dance training used as a technique for strengthening the jumping skills of basketball players and giving football players stronger more nimble muscles. But most of all, I have seen the arts light up the faces of children and adults alike when they come to see what they can create; when they see their ideas and thoughts expressed through the talents of others; and when they see their own traditions and cultures preserved through art classes, performances, museums, theaters and so much more. I come to this role knowing that what others will know of us tomorrow will be expressed and documented most clearly through some form of artistic expression. Without it, our stories and lessons of today will not be captured and won't be shared with future generations.

Charmaine Jefferson

I view it to be the state's responsibility to be an active part of promoting, preserving, preserving and fostering the arts and culture of our state. To export what we create to other parts of the country and the world and to import new experiences from other places as well. Art is a great commodity in our state that is underutilized, but is a great source of employment and local economies. I believe it is the Arts Council's roll to fight for every child to have an opportunity to utilize the arts as a means of learning, expression and cross cultural exchange. This must occur in every corner of our state not just in the big cities or on the largest stages. I view my role as a member of the Arts Council to not only support California's efforts to be the number one state for creating, maintaining and presenting the arts, but to find ways to make that happen that are both traditional and non-traditional. Certainly, baseline funding is critical. I would urge the governor and legislature to be steadfast in wanting to retain and sustain a baseline level of arts funding for our citizens. But I also understand that tough budgetary times also mean that we need to also be creative and find additional incentives to encourage average individuals, corporations, and foundations, and local businesses, to do more to support the arts in their local community. Clearly California must want to pull itself out of the bottom tier of per capita art support in this country. This is an aspect of our state's arts policy that I hope to help change. But, I also think that it is just as important for the the Council to serve as a voice to promote throughout the state the great things that we are achieving and to identify opportunities for public/private partnerships that will utilize the arts to help generate and sustain local tourism. We must help create safe haven environments in communities of need, offer alternative forms of expression for our most at risk youth; find ways for the arts to be therapies for the physically challenged or restricted senior citizens; and make sure it is an aspect of a healthy society that all can enjoy whether rich or poor. There is no easy answer and I am certainly aware that when our budget condition is in better shape, more funding will be on the request list, but there is much that can be done in the interim to foster support for the great art of California. I will participate in promoting the purchase of art license plates that bring significant revenue to the Arts Council for grants issued throughout the state. I want to work with the staff to develop programs that ensure that every district in the State is provided with some level of quality arts programming that is supported by the California Arts Council. I want to further encourage partnering with local area art councils to support new sources of private funding to match and exceed the state's seed money.

I view my role as a member of the California Arts Council to be both an overseer of the how the agency spends its funding, to establish broad and effective policies that serve the entire state, and to hear the concerns of the governor, the legislators, artists and most importantly the audience citizens to understand what they want from the arts and find ways to bring those needs to life. We will need to be flexible in our approaches and clear that this is a task that I take on as a volunteer. I am prepared to continue to serve in that role as I have been doing for many many months. I welcome any questions you may have and look forward to learning and sharing with others the great work that is occurring throughout our state in the arts, for the arts, about the arts and in service to the arts. Thank you for your consideration

Sincerely,

Charmaine Jefferson

DSG

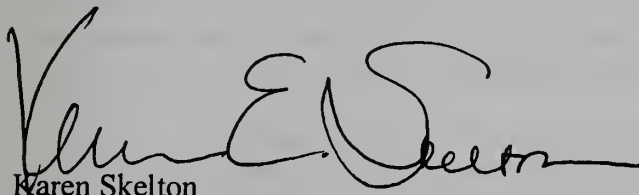
January 17, 2007

Senate Rules Committee
State Capitol, Room 420
Sacramento, CA 95814-4900

Thank you for the opportunity to present my goals for the California Arts Council to the Senate Rules Committee. I consider it both an honor and a privilege to be part of this Council. My short term goals include supporting efforts by the staff to reach diverse community members throughout the state and to involve as many Californians as possible in the Council's mission, projects and goals. I will listen to the needs of the Council and respond in a timely manner. In addition, I will think of creative ways to protect the arts program despite reductions to an already anemic statewide arts budget. Overall, my long term goal is to broaden support for the California Arts Council within the leadership ranks of the private and public sectors.

Thank you.

Sincerely,


Karen Skelton

Senate Rules Committee

JAN 18 2007

Appointments

WTG

December 30, 2007

The Honorable Don Perata
California State Senator
Chairman, Senate Rules Committee
State Capitol, Room 420
Sacramento, CA 95814-4900

Dear Senator Perata,

Thank you for the opportunity to communicate my ambitions and goals to you regarding my participation on the California Arts Council (CAC). Since my appointment to the CAC last April, I have been inspired by the challenges -- and the many opportunities they present-- for me to make a real contribution to the arts and culture of our great state.

I look forward to bringing the full breadth of my experience to my role on the Council - as a businessman, representing artists and their clients, as a boardmember of California Lawyers for the Arts, member of the California State Bar, former Co-chair of the LA International Art Biennial and as a parent to a child raised in California's public school system.

First, let me address what I feel are some of the challenges that form the current priorities of the CAC. My short and long-term goals, clearly, are consistent with wanting to address these first and foremost.

We are a state gifted with vast cultural resources. We have, per capita, more people working in arts related professions than any state in the country. We are populated by many of the world's leading artists, arts industries and institutions. While we are known for our leadership throughout the world in so many areas-- economically, environmentally, technologically and politically -- I would venture that it is our creativity that informs and inspires this leadership. Our creativity is the source of our collective identity and it is given its purest expression in the arts.

Yet we are challenged by the fact that, nationally, we have the lowest per capita funding for the arts. In a state that leads the world with so many areas of opportunity in the arts, arts education is not universally available to students as part of our K through 12 public school system. This lack is essential to address. Beyond providing students with opportunities to discover and develop their artistic talents, more and more research suggests that the arts can play a crucial role in improving overall scholastic achievement, and even in curbing and reforming juvenile delinquency.

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Senate Rules Committee

JAN 04 2008

Appointments

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With this in mind, the CAC's top three priorities are listed below. I embrace them as my personal goals as well. I have the resources, and a deep personal commitment to see us effect positive change.

First, the CAC is committed to increase funding for its own budget through the crucial *Arts License Plate* program. Funds from this program directly benefit the other two CAC granting priorities- the *Artists in Schools* program (AIS) and the *Creating Public Value* program (CPV).

In the short term, I hope to address the funding issues by working to increase public awareness and participation in the CAC's *Arts License Plate* program and furthering its marketing campaign, "*Kids Come Alive With The Arts*." It is astonishing that for all of the funding benefits this program provides to the arts for our state, (\$2.8 million last year, over half the CAC budget), many throughout the diverse arts community, let alone the general public, remain unaware of the crucial role the *Arts License Plate* plays in financing many of the CAC's arts education programs and arts funding recipients.

Through my experience in the art world, I have many and diverse contacts to enlist in increasing participation in the *Arts License Plate* program. Art galleries, museums, schools, theaters and concert halls are all excellent venues for expanding awareness of the program. I have the contacts and ideas on how to approach them to join in our efforts.

In the long term, I look forward to further developing partnerships and alliances between the CAC, the private sector, non-profits (museums, for example) and foundations to bring our state's funding and support up to a level that is amongst the best in the country and consistent with the value the arts provides to California.

The measure of success for these efforts will be both increasing the revenue to the CAC's budget from the *Arts License Plate* program, and public awareness of the important role it plays in supporting the arts in our state.

Second, the CAC is committed to increasing awareness of the arts in both the public and private sectors through the CPV program. A major outreach and educational campaign to help explain the importance of the arts is critical if we want to increase the support for the arts. As the co-chairman of the LA International (1995-2003), I worked closely with the city's museums, galleries, businesses, Cultural Affairs personnel and Consuls General to involve the public in the exhibition of international art in Los Angeles. This event involved month-long exhibitions of international art in some 85 galleries throughout the city, with museums and consulates hosting coordinated panel discussions and receptions.

In the short term, I aim to utilize these contacts and skills to enhance awareness of the value of the arts and to explore areas of potential collaboration between CAC and the state's museums, galleries, businesses, non-profits and other like-minded entities.

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In the long term, I hope to contribute to the success of the CPV campaign such that the value of the arts is seen as a fundamental and inextricable component of our educational, economic and cultural health.

Third, the CAC is pursuing its goal of increasing real opportunities for arts education in the public schools through the AIS program and supporting alliances with arts educational non-profits. I have seen the need for such programs first hand when volunteering to teach art once a week to my son's 4th and 5th grade classes because there were no art classes in his public school's curriculum. I have seen the hunger kids have for artistic expression and the rich nourishment it can provide to their development.

In the short term, I plan to pursue the many opportunities to coordinate and maximize the efforts of numerous organizations that share our desire to see increasing arts education in public schools. As a board member of California Lawyers for the Arts, I am well aware of the efforts of this group, and those of so many others with whom we work, to promote arts educational opportunities for underprivileged communities. In Los Angeles, for example, both the LA County Museum of Art and Museum of Contemporary Art have such programs (*LACMA On-Site* and *MOCA's Contemporary Art Start*). The non-profit organizations, "P.S. ARTS" and "For The Arts" are similarly directed. I look forward to utilizing my experience and contacts as a member of the CAC to develop and expand opportunities to coordinate efforts with these organizations, and others, to achieve our goals.

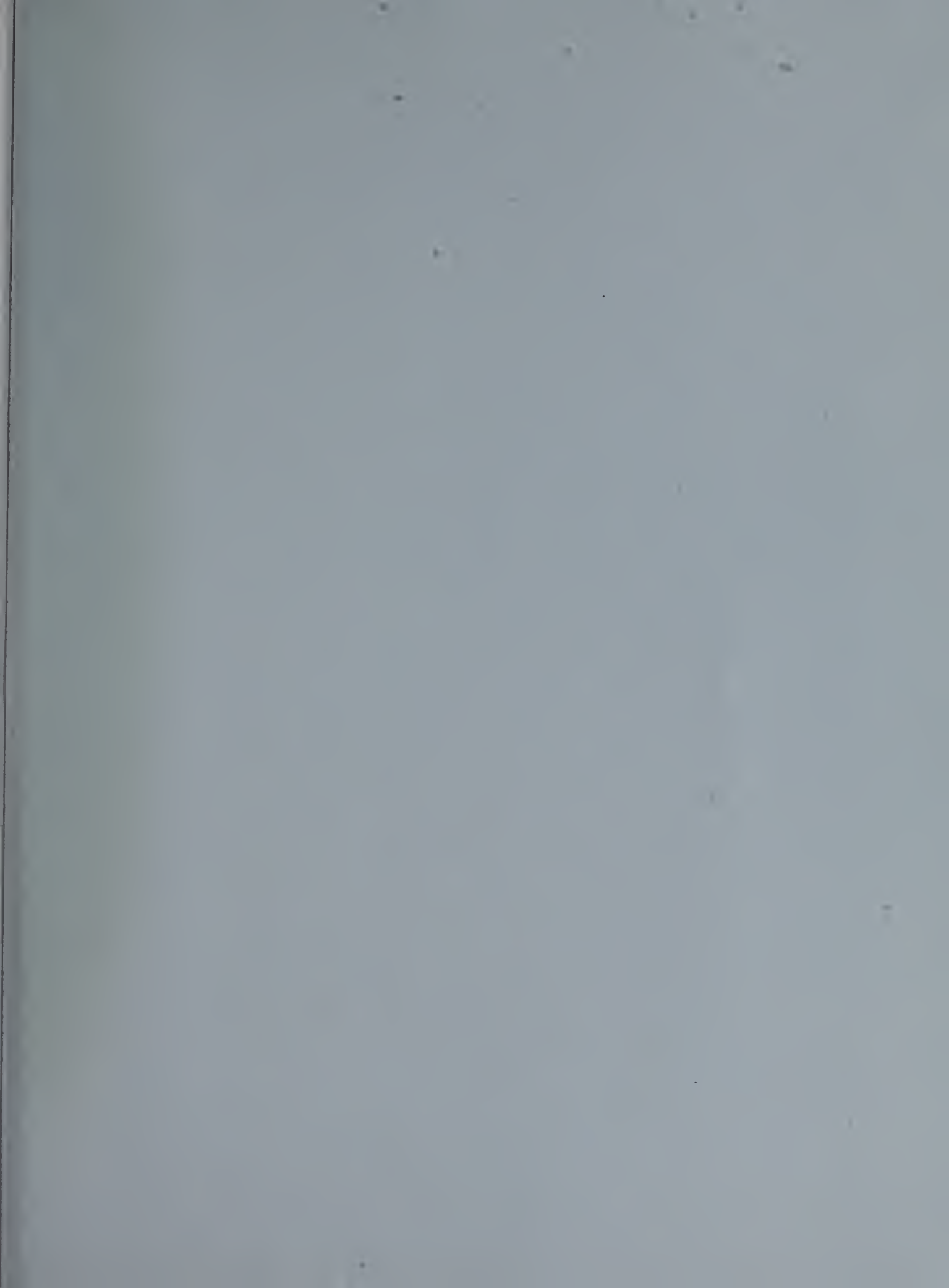
In the long term, I hope to see our budget grow in real numbers for AIS and our programs instituted in more schools as a result of coordinated partnerships.

It is an honor to have been appointed to the California Arts Council. I have a passion for the arts and am committed to their furtherance on every level. Thank you for this opportunity to address your questions, and please feel free to contact me anytime if any further ones develop.

Respectfully,

A handwritten signature in black ink, appearing to be 'William Turner', with a large, stylized loop at the end.

William Turner



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